

# THE CREDIT MONTHLY

VOL. XXV

APRIL, 1923

No. 4

## The Collection Lawyer

Some Things Credit Men Should Know About Him

By A. D. King, Jr.

Oak Park, Ill.

FROM time to time as I meet lawyers from the smaller communities, I recognize the great service they are rendering to the manufacturers and jobbers of the country. They have been sharply criticized because of the failings and unfaithfulness of few; but encouragement is had in the thought of the millions of dollars that are being collected by receiving lawyers and promptly accounted for.

The slow account needs adroit handling. The credit man has done his utmost to collect the account and maintain the good-will of the customer. Frequently, he has reached the point of making severe threats against the debtor before he has finally placed the claim in the hands of the receiving lawyer. The immediate question that must be answered by the lawyer is, shall we start off in the spirit of demanding our rights or shall we start anew by making the debtor feel that there is still an opportunity for settlement in a friendly way without the embarrassment and expense of a lawsuit? There are thousands of lawyers who are specializing in handling collections. They are daily receiving instructions from wholesale houses and agencies which they are required to interpret in terms which will result in the most speedy and satisfactory settlement of the debt. The policy to be adopted in attacking each account often requires careful, special consideration.

### SURRENDERING POTENTIAL BAG OF GOLD

Most credit men apparently do not realize the seriousness of giving an account to someone for collection. In turning the account over, the credit man is surrendering a potential bag of gold. I once worked as a messenger in Chicago bank and again and again shuddered to think of the money entrusted to me to carry from one point to another in the city. And yet, credit men are today placing their potential cash in the hands of hundreds of

### A Lawyer's Message

From the nature of his duties, the credit man naturally has a closer, more intimate relationship with the legal profession than does the manager of any other department of a concern. This relation is so intimate as to call for special rules which have been set out in the "Canons of Commercial Ethics," adopted at successive conventions of the National Association of Credit Men. Mr. King, a lawyer, pictures in his article some of the difficulties into which the lawyer runs as he serves credit men. He pleads for fairness in the treatment of the lawyer and urges great frankness and pains in turning claims over to him.

THE EDITOR.

thousands of collectors generally without hesitancy. Why? Apparently, because they have the utmost confidence in the agencies and lawyers of the country, a confidence which goes so far that too often they do not even take time to look into the standing of the collector. They may require bonds from their cashiers whom they can watch, but commercially their is no requirement of bond for the collector, so implicit is their trust.

### WHAT THE LAWYER MUST DO ON CONTINGENT BASIS

When a claim is placed with a receiving lawyer, say for \$100, he undertakes to recover that amount and safeguard it. Even in small towns the lawyer cannot be expected to go out and make many personal calls on the \$100 debtor and must delegate the duty to someone else. The compensation, if he collects the \$100, is so small, and the chance of not getting it so great, that the collector employed by the lawyer can be paid only a nominal salary, and therefore the lawyer must run some risk when he sends such a man out to collect the claim.

It is said that there is but one out of

three claims sent the lawyer that is collectible; the others are outlawed, subject to hopeless disputes or involved in bankruptcy. In other words, creditors work so long in their effort to collect that they give the lawyers only the most difficult claims and expect them to collect at a nominal rate. The lawyer is required to act as lawyer, insurer, bondsman on the account, as representative in retaining good-will where possible, yet is paid less on the average claim than the country doctor who makes two or three calls on a patient. The doctor has not the outside office overhead; he is not a bondsman; he makes his three or four calls and his work is done, but the commercial lawyer is expected to handle a claim of \$100, perhaps for years, to dun the debtor persistently, to investigate unceasingly and do all this on a contingent basis.

It is a serious thing to authorize a lawyer in another state to start a lawsuit. He may not be competent, may be indolent, and yet we instruct such attorneys to start suits against debtors for millions of dollars a year simply because we have taken their names from reputable law lists.

We hear it said that the lawyer in the small village will not bring action against a man in his town who is perhaps a fellow lodge or church member. Yet this is being done every day in hundreds of places. These lawyers are fighting for the creditors' rights with out a witness on hand and with the debtor in person to testify. They are at the front representing the creditors, fighting for their rights, with the only hope that if they succeed in collecting, they are going to get a contingent fee.

In recent years the Commercial Law League has laid down a provision that when a suit is filed the lawyer is entitled to a suit fee whether he wins or loses, but many lawyers do not take advantage of this rule. They try law suits and if they win they charge a little fee of \$15. or \$25. and if they lose they have put in all their time gratui-

tously,—these men who have gotten their legal education at no small expenditure of money and labor. They should be compensated for entering into lawsuits to fight the creditor's rights. They cannot attend court a thousand miles away as they must in some regions bear all the burden of uncertainty and expense. They go to the stand in the creditor's stead, to decide whether or not he should accept a compromise offer when a suit has been started or should fight the thing through in the hope that the local judge and jury may, through the lawyer's ability, see the creditor's side of the case and decide in his favor.

Then if the case is lost, the creditor looks to the lawyer to determine whether an appeal shall be taken.

#### WHAT IS INVOLVED IN LEVYING ON DEBTOR'S PROPERTY

If a judgment is taken the work of getting a country constable to serve an execution and make a levy on debtor's property is inconceivable to any but the receiving lawyer. I recall a case where a lawyer was anxious to get a writ served. There was no qualified constable nearby and the lawyer telephoned a constable and informed him that he would call with his car and take him to the place to serve the writ. The lawyer called but the constable failed to stay for the appointment. The lawyer was advised that the constable had stepped over to a real estate office nearby. There he went and found his Majesty, the constable, leaning against a desk, smoking a stogie, vigorously arguing some political question with the realtor, who also was a Justice of the Peace. The lawyer courteously asked him to step into his car as the defendant lived only two blocks away and the service could be had in five minutes. The constable demurred, pleading illness, whereupon the lawyer, thinking that he could induce him to go a little later, entered into the political discussion, from time to time interspersing a request that the constable go and serve the writ. An hour and a half went by, but the constable persistently refused, pleading that he was too ill to work, though he had stood on his feet hotly arguing a political question for an hour and a half.

I am speaking primarily of conditions as they are in the average small community but the same sort of condition is found even in larger communities. The constables are petty politicians, as a rule. The justices of the peace are in the small class. They are under bond, but no one is going to enforce a bond if the process can be avoided. It is far easier to use conciliatory methods and to get the constable to pay amiably, than threaten him with proceedings, even when he collects and does not account promptly.

#### RECEIVING LAWYER A FACTOR IN AMERICAN BUSINESS

The receiving lawyer of this country is a factor in American business that it cannot be without. Tradersmen all over the country realize that if they do pay, these lawyers, representing various agencies and creditors, will not only collect through legal process, but will make reports as to their paying habits to the creditors in the large markets. The result is that commercial conditions are stabilized—American business is protected. The lawyer is entitled, when he recommends suit, to be backed up with the necessary papers and court costs immediately. He should not be asked to wait an unlimited

length of time before the creditor gets ready to cooperate with him. If the lawyer has threatened a debtor with a suit, he should be placed in a position to carry out his threat, and if he asks for court costs, he should be advanced sufficient money not simply to enable him to start the suit, but to go through with an execution and a levy or garnishment.

Credit men extend credit for two or three hundred dollars on questionable risks, and then after working for six months or a year with the customer who never gives up money except under compulsion they go to the lawyer who asks for \$7.50 to try to retrieve the loss. They hesitate, some even telling the lawyer that he should put up the costs of bringing action. In many states such action would be champerty positively against the law. They ask that the lawyer not only gamble his time but advance his own money against the chance of collecting. Nothing could be more unreasonable. If one is to get anything like reasonable service in litigation, he should advance the required court costs and then demand the service for which he has put up his money. Anything else is unfair and unbusinesslike.

#### SITUATION WOULD BE BETTER IF LAWYER WERE BETTER PAID

Lawyers should be compensated reasonably for the services they render. If a claim is paid on the lawyer's first

demand, there should be no hesitancy in paying him his fee. If he has brought influence to bear, or has gone after a matter so vigorously that it produces immediate payment, that result is surely what the creditor wanted, and should be paid for. Where unforeseen litigation arises, the lawyer should be paid commensurate with his work. Furthermore, he should not be held to a 15 per cent. fee for collecting a claim against an individual who has no telephone, who is seldom at home, who works on a commission basis, who has no assets. The lawyer should be permitted to ask additional compensation if he meets unforeseen difficulties in a case even though it may have been accepted at the regular rates. That also is good business because the lawyer cannot be expected to put the proper interest and energy in a case if he knows he is going to handle it at a loss.

The credit man who forwards claims to attorneys should see the matter from the lawyer's side of the fence. He must know that there are thousands of lawyers throughout the land ready to represent distant clients honestly even though it means opposing their friends and neighbors, because they believe in law and law enforcement and that the rights of action created in the extension of credits should be upheld and orderly business relations defended.

## Rounded up by Credit Men Got \$76,000 of Goods for \$1,800 and Is Now Thinking It Over in Prison

**I**N CRIMINAL cases it is not the big things but the small and insignificant circumstances that gives the clue following which the whole story of the crime is spread before the patient investigator and the offender is brought to punishment. Generally the commercial criminal does not operate single handed but as a member of a clique; or it may be that the work is done within a family. The clique, or family, pools its efforts and that is accomplished by conspiracy which cannot be done by one alone.

There was in Cleveland until recently, a man who operated a shoe store under the name of Charles Joseph. Selling shoes, however, was found not to be his chief occupation. Selling his creditors was apparently the real game. An involuntary petition was filed against Joseph on May 18, 1922. To his creditors the announcement came like a bolt from the blue, for Joseph had built up a good credit and when the bankruptcy petition was entered his indebtedness was large.

The case came to the attention of the Adjustment Bureau of the Cleveland Association of Credit Men. Commissioner Hugh Wells, of the Bureau, upon a quiet investigation, concluded that there was something seriously wrong and a complaint was filed with the Investigation and Prosecution Department of the National Association and its manager, C. D. West ("Zephon"), accepted the case and put one of his ablest assistants at work.

The department representative, upon a superficial examination, could find nothing but the stock of shoes as sched-

uled. There were no written records in sight; but, pursuing his custom of a thorough examination, the investigator made his way to the cellar of the store and found in the corner a large pile of rubbish. On the surface of the pile there seemed to be nothing of interest to him. Taking a stick and digging in, he began to haul out small pieces of paper which proved to be parts of invoices and cancelled checks. Every inch of the heap was then examined, and all the papers uncovered and gathered into a pile and taken to the investigator's hotel for a critical examination. For many hours he labored, separating the invoices from the cancelled checks, piecing together the torn documents, figuring up the amounts and getting figures that began to show how big was the fraud.

The invoices indicated that Joseph, from the first of January 1922, had purchased at least \$76,000. worth of merchandise against which he had paid not more than \$1800. The investigator found also checks drawn to outside people though nothing could be found to indicate that they were creditors. These papers also revealed that the amounts involved in these checks had drifted back to Cleveland. In all a complete chain of evidence was put together. Only a good sleuth could have disentangled the case and traced out all the fraudulent practices and wily deceptions that had been invented in the mind of the debtor.

#### INVESTIGATOR EXAMINES BANKRUPT

With all these conclusive facts in

hand the investigator got permission to examine the bankrupt. Under the examination he worked to have the bankrupt identify the various papers and cancelled checks, the attorney for the bankrupt offering constant objection. One by one the various papers were reluctantly identified by Joseph.

After getting this testimony into the record of the bankruptcy proceedings, the investigator began to trace the payments made by Joseph as reflected in the cancelled checks which had been hauled out of the rubbish pile. Here the investigator met the strongest kind of resistance, but at last he ran the suspicion down to the point where it seemed clear that Joseph had endeavored to secrete money due his creditors. As usual, the bankrupt pleaded that he had lost large sums on bad investments; but the investigator found weak spots in this part of the testimony and blew the claims to fragments. Assisted by the Cleveland Adjustment Bureau and Secretary Cauley of the Cleveland Association of Credit Men, the investigator presented the matter to the District Attorney, who assigned one of his staff to the examination of the evidence. The examination led the District Attorney, on the evidence submitted, to have Joseph taken into custody on the charge of violating Section 215 of the Federal Penal Code. Subsequently Joseph was indicted on two counts and held under bond for trial.

#### CREDITORS HELP PAY EXPENSES

During the course of this work, covering many weeks the creditors of Joseph became much interested and contributed generously to the costs of the investigation. At the trial of Joseph a number of credit managers were subpoenaed. The evidence was so formidable that Joseph, through his attorney, expressed a willingness to plead guilty with the recommendation for leniency. Judge J. M. Killitts sitting in the case expressed himself as opposed to leniency in such case, but the bankrupt pleaded guilty to the second indictment which charged him with the misusing of mails for purposes of defrauding, and he was held in bond of \$5000. pending sentence. This occurred on January 6, 1923, and on February 14, 1923, Judge Killitts returned to Cleveland for the purpose of imposing sentence on Joseph and in open court expressed a desire to hear what evidence the District Attorney's office was prepared to offer. The evidence was offered in open court and at its conclusion Judge Killitts sentenced Joseph to serve twenty-one months in the Atlanta Penitentiary.

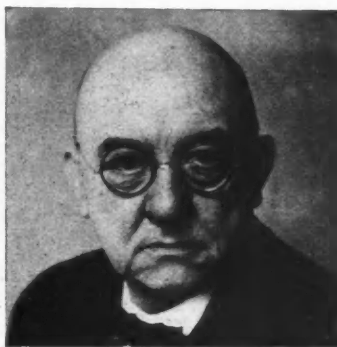
Strong pressure apparently from high quarters had been brought to bear on Judge Killitts to release Joseph on a small fine but the Judge did not alter his decision and Joseph will have to pass a term in prison. His stay there, however, will not end the case for there are pending other indictments against him; and the chances are that he is now recording but the first chapter of a long story of repentance that faces him as a sequence of his criminal career.

This history brings out vividly the skill required in assembling evidence in commercial fraud. It also tells how men like Joseph, who have hoarded their ill-gotten gains will go to the utmost to save themselves from a prison sentence. It also tells how some people will lead themselves to defeat right in an effort to obtain leniency though leniency would defeat the ends of justice.

## Zephon and His Work

### Discouragers of the Commercial Crook

By Rowe Williams



ZEPHON

on the trail of a defrauder of credit men.



ZEPHON

when the crook has been landed behind the bars.

*MANY members of the National Association of Credit Men are not aware of its rapid development in the last decade. To meet the obligations of the Association and to perform the services for which it is primarily intended, numerous departments have had to be installed in the National Office at 41 Park Row, New York.*

*We purpose to give in the CREDIT MONTHLY, from time to time a word picture of each Department in order that all the members of the Association may be informed of the Association's activities in the wide field of credit.*

*We have selected as the subject of our first sketch the Investigation and Prosecution Department, because of the fact that this Department has been unusually busy and has rendered marked service in the credit field.—THE EDITOR.*

SOME EIGHT YEARS AGO the National Association of Credit Men decided to operate an Investigation and Prosecution Department on a voluntary fund. The amount thus raised was never sufficiently adequate; and at the Atlantic City Convention of the Association in 1920 an amendment to the Constitution and By-laws provided an income of \$1.00 a year from each member for the department's operation,—not a large income when the extensiveness of the work is considered. However, the best facilities were installed, and for three years C. D. West, well known as "Zephon," has managed the Department.

With the years, there has grown an increasing appreciation of its value and the excellent sanitary work it has accomplished in credit commerce. At the time this little sketch is being written, the Department has 75 cases under investigation; there are 89 indictments pending and 16 investigators are in the field.

In a brief period a debtor in Oklahoma, on evidence obtained by the De-

partment was convicted and sentenced to five years in the State Prison.

The owner of a collection agency which had failed with an indebtedness of \$200,000. was convicted on evidence obtained by the Department, and sentenced to one year in the State Penitentiary.

A debtor in Cleveland who had played fast and loose with his creditors was convicted upon evidence obtained by the Department and sentenced to twenty-one months in the Federal Penitentiary at Atlanta.

Creditors have generously contributed to the costs of the prosecutions undertaken by the Department, but by no means have the responses indicated an appreciation on the part of all creditors. When deceived and defrauded, creditors should not be satisfied with less than the relentless investigation and prosecution of offenders.

Mr. West, Manager of the Department, has shown unusual skill in his management and in the direction of the many cases it has accepted. He has four direct assistants. The Department is usually strained, especially in its financial abilities. It constitutes one of the most important, interesting and useful instruments of the National Association of Credit Men. Members of the Association everywhere should acquaint themselves with the Department's work. They should understand how it is working for them night and day, of its sanitary benefits, of its protection, of its moral effect on the debtor who may be prone to criminally defraud his creditors.

It is a pleasure thus to present this sketch introducing to every member of the Association a Department of such usefulness and its Manager who has displayed such skill.



# Lawyer and Credit Man

## Offences that Each is Guilty of Towards the Other

By H. G. Willnus

Assistant Secretary, Intertype Corporation, N. Y.

**A** POPULAR pastime among credit men is to roast attorneys—"They're too theoretic; they don't know anything about business and business methods. They encourage litigation and count their fee of more importance than the interest of their clients. Why, confound them, they will accept claims against a debtor and at the same time they are representing that debtor in another matter."

Since some lucrative business comes from credit men, lawyers are generally not so vociferous in their denunciation of the credit man; privately though, if you enjoy their confidence, they will tell you what an impossible animal a credit man is.

Somewhere between these extreme opinions there lies, perhaps, some truth, and undoubtedly something can be learned from an examination of the relationship between lawyer and credit man. There is no question that there are men practicing law who ought not to be, just as there are credit men who ought to be dispensing ice cream sodas instead of credit. One of the liveliest issues at recent bar association conventions has been the question of stricter requirements for admission to the bar. We cannot revolutionize the conditions that exist but we can adjust ourselves to them and eliminate a considerable amount of the friction that frequently occurs between credit man and lawyer by exercising a little intelligence and common sense.

An experience we had several years ago may be of interest: A number of machines had been sold by us to an individual who ran a newspaper. It seems that a corporation owned the newspaper but our customer was manager for the corporation and one of its directors. The account was in his name individually and all of our dealings were with him. When he was a few thousand dollars behind in his payments and the attorney to whom the claim had been sent had systematically failed to carry out our instructions, I hopped on a train one evening to pay both debtor and attorney an unexpected visit.

It was early in the morning when I arrived at my destination and feeling chilly because of the cold weather which had caught me without an overcoat, I headed for a place to get some real hot coffee and on the way picked up a copy of "my" newspaper. While sipping my coffee I leisurely turned to the inside page of the paper where one can find the "Who's who." Suddenly I jumped as though stung by a bee. I found my debtor's name all right,—he was given as editor of the paper and as its manager. Up a little higher, two names above, was the name of the president of the company and who should he be? None other than the lawyer who had our claim!

We may close the story of this incident by saying that this attorney was later removed by a prominent bonding



H. G. WILLNUS

company from its list. This is cited because the incident at least enabled us to serve our fellow credit men. Such experiences are not common, but where they occur they are subjected to so much publicity that there is almost as much good done as harm.

What we are chiefly interested in are those offences of the attorney, which, though of a minor nature and apparently insignificant, are irritating and injurious to the relationship of lawyer and credit man.

### ATTORNEY'S OFFENCES

1. *Failure to make reports:* There are law firms, some very prominent ones, who are extremely remiss in acknowledging claims and in keeping their clients informed as to the status of affairs. Even if there is nothing to report, that information itself is of some use to the credit man. When an attorney has a claim, he should make periodical reports.

2. *Claim too small to handle:* No one blames an attorney for declining to collect a \$10. claim when that is about all the business he can ever expect to get from a client. On the other hand, all of the claims cannot be big ones and where the client is a large company, likely to have considerable legal business, it is only business-like to accept a small claim in the anticipation of getting some more profitable business later. There is a law firm in Pittsburgh to whom we have sent nearly all of our Pennsylvania business, simply because of the efficient way in which they once handled a small claim which another attorney had refused to take. They are a live, wide-awake concern, and their policy has brought them some good collection items, not to mention

the litigation and other more profitable business which they have secured because of the contact, they were able to establish with clients through their efficient collection service. Now let us take a law firm in the West to whom we gave a number of good-sized claims. These claims were handled efficiently, whereupon we sent them some other matters not located in their immediate vicinity, expecting them to conduct the matter through their correspondents. Instead of appreciating this additional business they asked us to discontinue sending them these claims because the fee didn't justify the amount of work involved. They didn't even ask whether we were willing to pay an additional fee for such work; they just turned it down.

3. *Failure to keep clients thoroughly informed:* The writer has heard it said by some attorneys that is it not advisable to tell a client too much about the law since it only tends to confuse. This may be true in some cases but it does not mean that a client should be kept completely in the dark. When a debtor defends an action, I invariably insist upon a copy of the answer filed by the defendant. The nature of the defense may make necessary some more elaborate preparation than the attorney thinks.

4. *Useless negotiations with debtor:* It is to be assumed that when a claim has been sent to a lawyer, the creditor has endeavored to collect the claim and wants action, not a resumption of fruitless negotiations. In the words of a Georgia lawyer who recently wrote me, "We take it for granted that our clients have just about exhausted the English language by sending the debtor dunning letters before they placed their claim with us and that our clients want action, quick and to the point, when they place their claims in our hands. Hence, we have adopted the plan of making personal visits to see the debtors and find by over twenty-five years' experience that this plan will succeed where all others fail."

### WHERE THE CREDIT MAN FALLS DOWN

At this point it may be profitable to turn some critical thought to our own methods; that is, the credit man's way of dealing with the lawyers. It must be born in mind that all credit men are not lawyers; in fact, there are some who know very little about law. Only recently I heard of a credit man who didn't know that his state had adopted the Uniform Sales Act. It is hardly to be expected that such a credit man will be successful in dealing with attorneys. He will give instructions that are impossible of fulfillment and where a delay occurs, probably because of a congested docket condition, he will become indignant and criticize the attorney.



## CREDIT MEN'S OFFENCES

We are more interested, however, in the errors committed by the average credit man, not the blunders of a man unqualified for his position. The following are some of the offences of which credit men are guilty and which contribute to the unsatisfactory service for which the attorney is frequently condemned.

1. *No explicit instructions:* A claim is sent to an attorney without definite instructions as to just what is expected of him. A sworn proof of claim is made or a promissory note is sent and because we credit men fail to write a letter which gives the whole story, we take the attorney's time by having him listen to and write us stories which we probably already know and have disposed of. If a debtor has objections to a debt or thinks he has a counter-claim, all those things ought to be told to the attorney and a suitable explanation ought to be made so that he will anticipate the debtor's position.

2. *Understanding as to fee:* In collection matters, fees are usually regulated but where a suit is involved or there is to be a return of merchandise, misunderstandings as to the fee frequently occur. It is well, therefore, for lawyer and credit man to have an understanding as to the approximate amount of fee before there is a litigation.

3. *Suing without notice:* It has been stated before that when a claim is placed with a lawyer, the client wants action. There are many lawyers who feel it more ethical and dignified to send a debtor notice that the claim is in their hands before they serve summons on him. Personally, the writer believes this to be the more business-like procedure and he has never expected any attorney to serve a summons on a man without permitting the attorney to arrange an interview with the debtor or to send him notification that legal action is about to be commenced. Credit Men should never act in anger, but if the temptation is yielded to, why condemn the attorney simply because he does not share the feeling that the "cuss" ought to be put out of business immediately.

4. *Negotiating with the debtor over attorney's head:* There is nothing more irritating to an attorney than to act under instructions and authority which he has received from a client only to learn that the debtor has ignored him, has gone straight to the creditor and has made a settlement over the attorney's head. It is true that there are some debtors who positively refuse to negotiate with an attorney, and who, when they find that legal action has been commenced, are willing to settle direct or to compromise. Such circumstances may produce a delicate situation, yet it seems a simple matter to keep the attorney informed of developments and to make any settlement subject to his approval.

5. *Claims in small towns:* When a debtor lives in a small town, don't send the claim to a local attorney and expect good service. Chances are that the attorney and debtor are personally known to each other, belong to the same club, or lodge, and perhaps play pinochle with each other. Find an attorney in a neighboring town or

neighboring county. Pay him a little more for his trouble and in the end it will be cheaper.

In more ways than one, good legal assistance is of prime importance to credit men. If we consulted the attorney more before, we should have to use him less after. Use the attorney to the limit to keep you out of trouble. To collect

accounts use him only when other methods have failed, and only when you can feel satisfied that further business with the debtor is undesirable. When you do use an attorney, use care in your selection and make certain he is in a position to give the claim the attention it deserves. Then let him earn his fee.

## We Neglect Russian Opportunities

Notes on an Interview by Joseph Weiss with

*Max May*

Director, Russian Commercial Bank, Moscow

FOR a hundred years America has been the country of "boundless opportunities." For the next hundred years Russia is likely to take America's place as the country of boundless opportunities. Russia, without Siberia, has two and a half times the area of the United States and its resources, still untapped, are unexcelled. In addition to raw materials in enormous quantities, it has a population with capacity and willingness to work, that needs only the assistance of capital and modern industrial skill to aid and direct it.

Russia is coming back slowly but surely. Four years of war followed by four more years of civil war and blockade and famine have exacted a terrible toll. The recovery from seven or eight years of destruction will necessarily be slow. But recovery there is, as is testified by all observers and by Mr. Hoover himself in his yearly summary of business conditions throughout the world. The following figures will show how Russian industry is recovering:

Production 1922 per cent of 1913	Increase (or decrease) in production 1922 per cent of 1921
Coal .....	34 10
Naphtha .....	49 14
Salt .....	36 -11
Iron .....	4 36
Woolen Yarns .....	17 127
Linens .....	46 82
Hides and Skins .....	38 -13
Paper .....	17 -19
Rubber Products .....	36 183

In addition to the industrial progress revealed by these figures, Russian agriculture is improving. There are still famine stricken areas. But in a country of Russia's size, with only its 50,000 miles of railroads, distress and famine existed before the war, and the condition now, though still bad, is showing a steady improvement towards normal pre-war conditions.

The Russian government is strong and stable. There is a well-disciplined standing army of over 900,000 men that is amply able to protect the present government both internally and externally.

### NORMAL CONDITIONS IN MOSCOW

Life in Moscow today is normal. Business is done as in any other big city on quite as safe a basis. A few weeks ago I walked unmolested through the streets of Moscow at 2 o'clock in the morning.

Russia welcomes foreigners with capital. It is now suffering from the annoyance of adventurers without re-

sources seeking concessions which they merely hope to take back and sell in their own countries. But the foreigner who wishes to set up a factory and engage in productive work is well received. He is required, of course, to turn over a share of his profits to the government in case his venture is successful. This share amounts to a government tax on his industry.

Foreigners doing business with Russia must be ready to play the long game. The Russians, sure of their eventual strength economically and politically, believe that time is on their side and they are not in a hurry to make undue concessions. In Moscow today there are to be found a large number of business men from England, Germany, Sweden and Italy, all of them doing business or planning to do business as opportunity offers. America at present is represented only by the relief organizations the members of which, of course, do not talk business.

A sample of the contact that commercial and political Russia is building up with the outside world is the opening in November, 1922, of the Russian Commercial Bank of Moscow of which I am director. This bank has a capital of 100,000,000 gold rubles, that is to say, more than \$50,000,000. Of this, the National Bank of Russia owns 10 per cent, and the rest is owned abroad, largely in Sweden. The object of this bank is to facilitate trade between Russia and foreign countries and thus assist in building up commercial Russia.

## "We Dun the Best We Can"

Pres. L. T. Ford of the Memphis Association of Credit Men suggests for the credit man's slogan, "We Dun the Best We Can."

## Old Friends Are Best

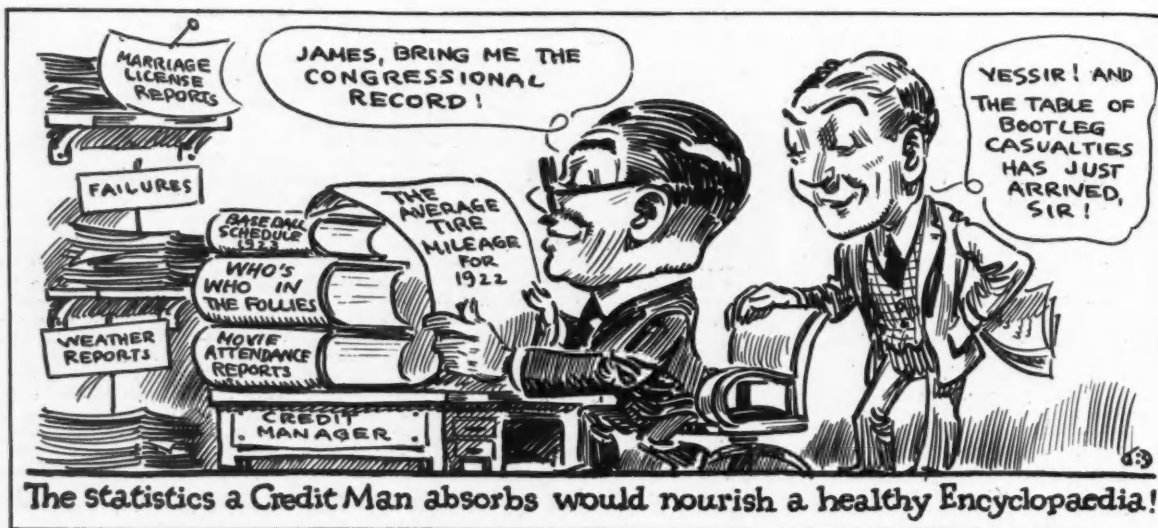
The bulletin of the Syracuse association of credit men says that "It is estimated by authorities that out of every 1000 new concerns entering business, 800 fail, reorganize or change management at least once. Out of every 1000 concerns entering business, 200 fail or reorganize at least twice while out of every 1000 concerns entering business 50 will fail or reorganize two or three times."

# Credit Department Statistics

## How Collected and Organized

By H. P. Reader

The Cannon Mills, New York, N. Y.



If the credit man is to measure his progress definitely and be sure of arriving December 31 in the harbor of Satisfactory Result, a chart by which to sail the Craft of Credit is as essential as is the chart of the mariner who would safely cross the trackless ocean.

Besides being accurate and simple, the credit department's chart must present a basis of simple comparisons and be susceptible of quick and inexpensive compilation. The chart should also be so comprehensive that reference to it will enable the credit man to answer any reasonable question about the operation of the credit department and the results of its work, and many things also about the business generally.

The chart should put him in position to know before any one else can tell him, important facts about the business not possessed by any other department. Executive heads often make observations or criticisms of departments based on general impressions, and if the credit man is not equipped with definite knowledge to meet these criticisms he misses an opportunity to justify his department and to furnish facts and figures that should be used in shaping the policy of his concern.

Not the same set of facts is required by all concerns. Various kinds of businesses require various facts at instant command of the credit manager. All we can do here, therefore, is to suggest some of the figures that have proven useful in certain lines.

An underlying principle in all sets of figures is accurate comparative data, sufficiently broad in class and in sufficient detail to insure intelligent control at all times and permit the change of policy at any time to effect the desired result for the year's business.

The management of a business should determine the percentage of bad debt loss to turnover that the business can afford and advise the credit manager of the figure. He must make it his business to keep within this "set up." To do it, his statistics must be accurate and up to date day by day, else he can not tell whether he is operating on the policy prescribed by the management.

Charts or forms should be prepared for daily entries, so that quick and easy comparisons can be had each day against the same day of the preceding year, or month against month, or period against period. If a business has branch organizations, geographical subdivisions of the chart may be desirable, or it may be that the business sells commodities that will require separate listings to insure control. In such cases continuous recapitulations should be made and kept up to date.

Some of the figures essential are:

1. Number of orders per day
2. Value of orders per day
3. Number of shipments per day
4. Value of shipments per day
5. Number of remittances received per day
6. Amount of remittances received per day
7. Amount of accounts receivable (monthly)
8. Amount and how long past due (monthly)
9. Percentage of past due (monthly)
10. Amount of loss (monthly)
11. Percentage of loss (monthly)
12. Number and amount of orders declined each day

A little study and ingenuity will enable the credit man to lay out statistical forms and reduce them to graphic charts in a manner that will give him at all times complete and up to date facts, and at a cost that is negligible.

The cost of accomplishing this in one large concern operating more than a dozen factories and as many selling branches was one half of each day's time of a \$20. a week clerk.

If a house is selling on sixty days and customers pay at maturity the collections for April 16 should be the amount that were sold and billed on February 15. If the customers anticipate or run over a suitable allowance in line with the credit department's experience, and business and general conditions are taken into consideration, the credit department will be enabled to forecast accurately collections for any given period. This is essential when a business is done under budgeting control, as all modern business should be.

The following tables are given as suggestions of analyses which if kept down to date will give the credit department facts which it should be able immediately to command—

### ACCOUNTS RECEIVABLE PAST DUE Branch Territory "E" Dec 31, 1921

Date of Sale (less dating)	Amount
1919 .....	\$ 27.44
1920	
January .....	
February .....	
March .....	93.24
April .....	24.00
May .....	318.92
June .....	190.78
July .....	56.33
August .....	307.68
September .....	1,453.82
October .....	3,932.09
November .....	7,604.91
December .....	10,902.37
1921	
January .....	13,072.75
Total .....	\$37,984.33

Total Outstanding in Territory "E" .....\$171,614.50  
 Total Past Due ..... 37,984.33  
 Percent Past Due ..... .221  
 Total Number of Accounts in Territory "E" ..... 4,850  
 Number of Accounts Past Due in Territory "E" ..... 430  
 Percent of Accounts Past Due in Territory "E" ..... .089  
 From such a picture can be told what the trend of the past due accounts is in a territory compared with preceding months and also compared with the corresponding month of earlier years.

#### RECAPITULATION "B" ACCOUNTS RECEIVABLE PAST DUE DECEMBER, 1921

Territory	Outstanding	Past Due	Percent
A	53,758.00	18,088.00	.336
B	29,850.00	8,718.00	.292
C	176,842.00	68,947.00	.390
D	171,614.00	37,984.00	.221
E	29,434.00	8,478.00	.288
F	42,923.00	21,834.00	.509
G	60,544.00	25,897.00	.428
H	18,879.00	3,086.00	.163
I	74,363.00	31,996.00	.430
J	20,859.00	4,609.00	.221
K	50,766.00	16,265.00	.320
L	40,615.00	12,150.00	.299
M	47,796.00	19,299.00	.404
N	20,596.00	8,116.00	.394

This picture brings together the comparative standing of all territories, and from it the general credit manager can quickly determine what branch offices are holding their past due accounts down to a fair basis.

#### RECAPITULATION "A" ACCOUNTS RECEIVABLE PAST DUE Consolidated Analysis for Entire Business—December, 1921

Date of Sale	Unpaid	Percent
1918	578.00	.001
1919	2,033.00	.002
1920	179.00	
January	207.00	
February	3,758.00	.005
March	1,757.00	.002
April	4,219.00	.005
May	2,933.00	.004
June	5,311.00	.003
July	7,566.00	.009
August	19,417.00	.023
September	38,552.00	.046
October	50,395.00	.060
November	65,496.00	.078
December	83,067.00	.099
1921		
January	83,067.00	.099
Total Outstanding	\$838,845.00	
Total Past Due	285,473.00	
Percent Past Due		.340
Total Number of Accounts	20,015	

## A Lawyer's View How to Improve Bankruptcy Practice

By Geo. Wentworth Carr  
Philadelphia

THERE is, to my mind, too great a tendency to make serious reflections upon the conduct of officials charged with the administration of the bankruptcy act and condemnation of lawyers practicing in the bankruptcy court. The sub-committee of the National Association of Credit Men on the improvement of bankruptcy administration has been charged with a duty which, if any real improvement is to be accomplished, will require the closest co-operation of business men with leading commercial

RECAPITULATION OF BAD DEBT ANALYSIS December 31, 1921							
Territory	Number Accts. Cgd. Off	Amount Cgd. Off	Recoveries	Net Loss	Total Sales	% Loss to Sales	Loss in Excess of Cr. Limit
A	30	\$ 4,590	\$ 635	\$ 3,955	\$ 14,767	.26	\$ 2,202
B	12	1,618	753	865	7,359	.117	63
C	23	1,735	585	1,150	6,074	.189	371
D	12	5,983	586	5,397	7,666	.704	1,380
E	36	8,014	582	7,431	28,705	.25	4,008
F	13	2,378	226	2,152	7,318	.294	1,462
G	50	8,703	4,191	4,512	42,609	.105	1,296
H	10	934	278	657	2,904	.225	403
I	12	832	208	624	2,391	.26	455
J	89	20,270	2,970	17,300	73,687	.234	11,304
K	26	2,047	218	1,829	18,693	.097	418
L	10	2,150	211	1,939	4,575	.423	557
M	7	1,532	670	862	7,074	.121	235
N	2	26		26	1,224	.021	5
TOTAL	332	\$60,812	\$12,113	\$48,699	\$225,046	.216	\$24,159

\* Total sales from opening of accounts of customers whose accounts were charged off.

This is a recapitulation made once a year from the day by day detail record. It should answer the point so frequently made that it often pays to sell a concern whose ultimate failure is inevitable, the cumulative profits during the life of the concern being sufficient to offset the loss at the time of wind-up.

#### ORDER, SHIPMENT & COLLECTION RECORD 1921

Jan.	No. Orders Received	Value of Orders	Orders Declined	Orders Held Up	No. of Shipments	Value of Shipments	No. Re- mitted	Amount of Collec- tions
1	1144	\$50,817	2- 980	9-\$2,470	187	\$18,200	225	\$34,860
2	1260	63,187	3- 140	4- 2,500	215	25,800	315	47,125
3	963	41,210	1- 1,100	6- 2,910	189	21,320	235	41,180
4	1110	65,180			231	34,210	376	54,110
5								
6								

Above is a suggestion for a comparative record by days. A sheet can be used for each month, then the following year the corresponding month can be inserted next to this sheet in your loose leaf book.

Number of Accounts Past Due	2,585
Percent of Accounts Past Due	.129

With these figures in hand it is possible to make comparisons with each territory's figures to determine how one territory lines up with the figures of the total business.

A record of the number of orders is kept to determine how active is buying, and whether there is an inclination toward hand-to-mouth buying, or buying of a seasonal nature. The number of shipments will indicate the activity of the manufacturing or merchandising department and the value of the shipments will indicate what may be expected in the way of receipts. If shipments lag behind orders the credit department may decide to change its policies, tightening up or loosening credits as conditions suggest.

Orders declined, if received from an account that is refused, are recorded as to name and amount in a periodic recapitulation so that the judgment of the credit department may be checked.

A record of orders held up is kept, for this figure will reflect in some degree the class of business offered. This record also may indicate whether conditions in the credit department are suffering from clogging and delays and a periodic recapitulation under this head will show whether there are unusual conditions in certain territories or in specific industries.

Suitable recapitulations complete the record.

Records such as these are easily reduced to graphic charts once a month and thus a compact comparative record extending over many years is easily kept for ready reference.

lawyers in the principal commercial centers of the country.

In my judgment, no substantial reforms in bankruptcy practice can be hoped for unless the hearty co-operation of commercial lawyers is obtained. Appeals for help have been made by the National Association of Credit Men and its local units to the American Bar Association. Without any disrespect for the American Bar Association, of which I am a member, that association is not so constituted as to be able to give any great assistance in the work of improving bankruptcy administration. Few, if any, of its active spirits are engaged in bankruptcy practice. They are unfamiliar with the problems of administration confronting the lawyer and the credit man. If the co-operation of honest commercial lawyers (and there

are plenty of them) is to be obtained, then I urge that there be an abandonment of that critical, I might say contemptuous attitude towards the commercial lawyer. I know that attacks are intended to apply only to the dishonest bankruptcy practitioner. Unfortunately, the headlines in the newspapers in which such attacks appear have given the impression to the larger part of the public, which limits its reading to headlines, that all bankruptcy practitioners are under the ban of credit men's disapproval.

If the evils common in bankruptcy administration are to be overcome, it will be by co-operation between the commercial lawyer and the credit man; and such co-operation will be hindered if in-

(Continued on page 25.)



# Budgeting the Business Dollar

Department Heads Can Compare Their Slices with Profit Slice

By Park Mathewson

Consultant on Business Finance, the Business Bourse, N. Y.

**R**EDUCE an idea to a picture and we greatly simplify an understanding of it. The budget idea lends itself to diagram or picture when we grasp the fact that every dollar of gross income represents, divided up, so many pennies for material, so many for labor, so many for administrative cost, so many for sales cost, advertising to cover losses, etc. The remaining pennies (if fortunately any remain) represent profit. Once having grasped the idea of thus analyzing the sales-dollar, the business man can quickly see that by budgeting his business he can get clearly the delicate balance of pennies and percentages in every dollar and that the balance must be maintained if a satisfactory profit over a given period is to be had.

"A gross figure," says a leading executive, "is useless as a business guide. A statement of income and outgo is a valuable historical record of transactions but it does not forward the business unless it points out through the force of comparison what the gross figures comprehend. A figure, no matter how many thousands of units it comprises, is only a figure until we know for what it stands; then it becomes a living thing that can be seen and talked to."

The picture of the divided dollar makes clear to the head of each division his responsibility in keeping within the proportion of the "sales dollar" scheduled to his department, and brings out the fact that together with the requirements of other departments, he has to do with making up the pennies of "expense." The general manager, the finance manager, president or board of directors, cannot but realize that the number of cents which are left out of each dollar, after all of the divisions have spent their necessary share, must cover depreciation, interest, surplus and dividends.

Fig. 1 shows a typical division of the business dollar. This graphic reproduction brings sharply before a division manager, the goal toward which all in the organization are working, namely, to fatten up the last sector or the profit piece of the pie. In many a concern in which the budget idea has not been accepted or employed, it is found that every manager is actively engaged in what may be vulgarly described as "hogging" as big a piece of the business dollar pie for his department as he can "get away with." The effort of these department heads is apparently to emulate those governmental workers who practice feeding with their feet in the public trough, trying to force out of the way the other divisions of the business until they themselves have been well supplied.

## SELFISH DEPARTMENT MANAGERS

The plain fact is that in many companies the manager of production, or of marketing, or of sales, feels so strongly the importance of his position and de-

partment that his first thought is not given to the pennies of profit,—which make the business a success—but to getting ample provision, or considerably more if possible, for his own department. When the budget principle is adopted it is generally discovered that

entire business to cut his department percentage as deeply as is consistent with efficiency; that the last quota, (the key to success for all divisions) the "profit piece of the pie," will be shared.

In tabular form (see next page) are sented the figures of the second year

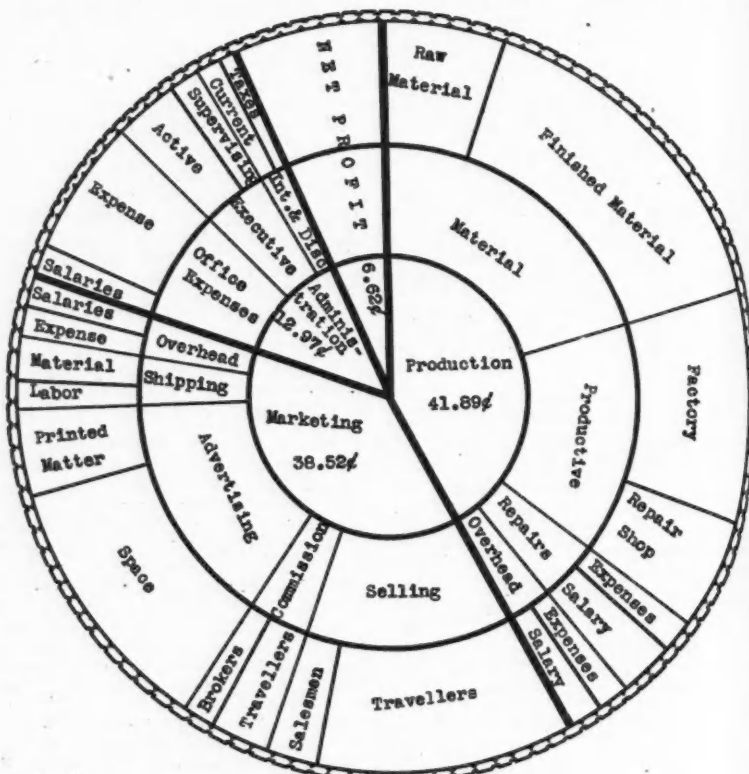


FIG. 1. THE SALES DOLLAR

Typical Budget Division of a Sales Dollar Among Various Divisions and Sub-divisions of a Business. (The inner circle shows the main divisions; the middle circle shows the sub-divisions; the outer circle shows further sub-divisions.)

the tentative budget runs dangerously near to being a dollar expense for every dollar of income. Only after an intensive discussion and boiling down does each department get its appropriation down to where a comfortable share for profit is permitted after production, marketing and administrative expenses have been provided.

Under the stimulating and analytical studies induced by dividing the sales dollar, the manager's attitude, in trying to get for his department more than it needs and more than is fair, is changed. He had never before frankly admitted that every penny he might add to his share of the piece of pie would make the profit piece that much smaller. He now realizes that it is to the advantage of his own department as well as to the

budget for the same company as the "pie dollar chart" covers for the first year. The studies made during the first year's budgeting made possible a budget for the second year showing a substantial reduction in department expense demands and corresponding increase in the percentage of profits.

## SLICING THE DOLLAR ALL DOWN THE LINE

The simple pie shaped graph can be used for every division of the business as well as for the business as a whole. All workers in a department can then be shown as they go along what part of the dollars appropriated for his department are being employed for material, for productive and unproductive

# Prompt Prosecution of Commercial Fraud

## Such Cases Now Dealt With Efficiently in New York

By Phillip Ives

A LAWYER who specializes in writing the replies to the queries put by the readers of a well known, reputable New York daily newspaper, was asked the other day by a newspaper reporter if he

could tell him anything about the Commercial Frauds Court. The lawyer replied that he had never heard of and did not know that such a court existed.

If a lawyer who is supposed to keep up to date in all that relates to com-

mercial litigation can confess ignorance on the subject of the operations of the New York City Commercial Frauds Court, what may be expected of the ordinary layman? Judging from the answers to the same question put to a number of newspaper reporters and to others engaged in ordinary business, the work that is being accomplished by the Commercial Frauds Court is very little known at all. Such is fame!

Perhaps the reason for this lack of knowledge of this new court is to be attributed to the fact that the court is of recent origin, is devoted to commercial cases in which the ordinary reader is not much interested, and with little exception, the cases before the court are not reported in the daily newspapers. Yet the fact remains that the court is doing a very valuable work and rendering a public service, and one that directly appeals to the credit man, and has his enthusiastic endorsement.

What is known as the Commercial Frauds Division of the Magistrate's Court in New York City, was created for the special purpose of prosecuting a certain class of frauds, and by so segregating them, to get quick action on them, and so have a moral effect on dishonest tradesmen. It has been found that in the past many of these cases had tarried long in a long calendar, and that they did not consequently get the attention that their importance warranted. It was just the same idea that prompted a segregation of offences against the traffic laws with a special court for trying such cases.

Chief Magistrate William McAdoo, who has always shown an interest in mercantile cases, was among the first to see the desirability of establishing a separate division of the magistrate's court for hearing commercial fraud cases. District Attorney Joab H. Banton, long familiar with the growing number of commercial frauds that came before him for prosecution, was not merely content with expressing approval of the idea but was quick to take action. He arranged the segregation of commercial fraud cases and their trial in a separate division of the Magistrate's Court. He secured from Chief Magistrate McAdoo the assignment of Magistrate George W. Simpson to try these cases and he assigned Max Salomon, one of his assistants, to take charge of the prosecution of the offenders against commercial honesty.

### WEEKLY SESSIONS SINCE SEPTEMBER, 1922

The court first opened on September 15, 1922, in the Criminal Courts Building in Centre Street, Manhattan, and it has continued to hold sessions there on the Friday of each week. It has proved a complete success, and has readily won the praise of credit and commercial men in general. In every one of the fifty or more cases that Assistant District Attorney Salomon has tried a conviction has been obtained.

(Continued from previous page.)

labor, overhead, etc. As a consequence, the man who demands more than a fair share in the apportionment of expenses becomes extremely unpopular, and is lead to study his department more closely with a view to modifying his requirements.

#### EACH MANAGER SHOWN WHERE TO CUT EXPENSE

The chart shows us graphically that the expense budget figures not only cover each division, but every department of each division, and help the production, marketing and administrative executives, as well as the general management, in making comparisons and check-ups.

Where a carefully prepared percentage of expense of the production and administrative departments leaves an inadequate portion for profit, it is found that co-ordinated study by the various departments frequently results in further decreasing the percentage of ex-

pense of the business dollar devoted to each division. To illustrate: The sales department by selling goods or more of certain classes of goods, helps the production department to reduce its production expense; or, on the other hand, the production expense is so reduced as to allow lower selling prices, thus helping the sales department to greater quantities or more profitable goods.

Remembering that the chief object of the expense budget is to assure a profit in operating the business as a whole, the necessary allotment of the expense of various divisions must be made with the profit, present and future, constantly in mind. With the expense budget or apportionment for each department made, it is necessary that each department periodically, at least monthly, make comparisons to determine whether it is running within budgetary limits and not taking more of the "pie dollar" than has been allotted to it.

### SHOWING IN THE SECOND YEAR

FOR THE SAME COMPANY AS IS ALLUDED TO IN FIG. 1.  
TYPICAL BUDGET DIVISIONS OF A SALES DOLLAR AS  
FINALLY AGREED UPON AMONG VARIOUS DIVISIONS  
AND SUB-DIVISIONS OF A CERTAIN MANUFACTURING BUSINESS HANDLING A NATIONALLY DISTRIBUTED SPECIALTY

Main Divisions	Sub-Divisions	Further Sub-Divisions
Production .4176	Material .1713	Raw Material .0621 Fin. Material .1092
	Productive .1921	Factory .1508 Rep. Shop .0413
	Repairs .0300	Expense .0192 Salary .0108
	Overhead .0242	Expenses .0132 Salary .0110
Marketing .3404	Selling .1168	Travelers .0935 Salesmen .0233
	Commission .0342	Travelers .0221 Brokers .0121
	Advertising .1364	Space .1201 Printed Mat. .0163
	Shipping .0278	Labor .0166 Material .0112
	Overhead .0252	Expense .0136 Salaries .0116
Administrative .1298	Office Exp. .0584	Expense .0102 Salaries .0482
	Executive Exp. .0350	Active .0249 Supervising .0101
	Int. add Dis. .0128	Current .0110 Fixed .0078
	Depreciation and Losses .0236	Depreciation .0185 Losses .0051
Net Profit .1122	.1122	.1122
Sales Dollar \$1.00	Total \$1.00	Total \$1.00

FIG. 2

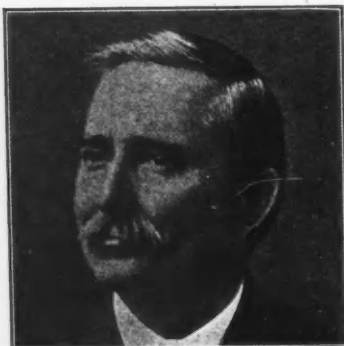
(Continued on page 40.)

# Two Doughty Veterans of Credit

## George R. Barclay

**RAT-A-TAT-TAT!** Rat-a-tat-tat! A boy of eleven offers himself and his drum to the country at the last call of Lincoln for volunteers.

The courage expressed by this lad at such an early age was carried by him to manhood and became one of the most outstanding features of his later life. Thus it was that George R. Barclay, hailing from St. Louis, for many years appeared upon the scene.



GEORGE R. BARCLAY

Born in Sacramento in 1854, losing his parents at an early age, he was taken by his grandfather to Pittsburgh and spent there four years in school. Attracted to St. Louis by the offer of a position in one of the early railways, he moved there in his seventeenth year, and after serving the railway for a little while became entry clerk for the Simmons Hardware Co.

With this Company he was associated forty-seven years, and retired as one of its vice-presidents. I judge no enterprise in the country possessed a more skillful man and a more generous chief than President E. C. Simmons of the Simmons Hardware Co. Under this giant of business, Mr. Barclay received his early training. Spending more or less time in minor departments of the business, he was eventually installed as head of the credit department. This position he occupied at the time of retiring from the business.

The call of the Chamber of Commerce of Toledo in 1896 for a convention on credits was responded to by Mr. Barclay. He was one of the small group that appeared on the scene and organized the National Association of Credit Men. From that time he played a prominent part in the affairs of the Association, never desiring office of any kind, yet forced by the pressure of friends and admirers to serve as a director and vice-president. He constantly turned down the offer of the president's office. At conventions, state conferences and meetings of the St. Louis Association of Credit Men, one could always expect to meet Mr. Barclay. Of a genial temperament, with a delicate touch of fellowship, with a high sense of co-operation, with a manliness that defied challenge, he was constantly a wholesome figure. No one more welcome than himself at these gatherings.

Retiring from business was not a

congenial procedure for this stalwart man. He had suffered physical reverses at times, and just a little while ago the companion of his life, a most delightful woman, a helpmate of whom anyone might be proud, was taken from him. This sorrow has made a deep impression on Mr. Barclay's life. He feels as though his best prop were taken away and there is not so very much left.

What a privilege it is to honor a life like this,—a life that has woven itself so intricately into the work of the National Association of Credit Men,—a life that has stamped its personality on the ideals and the powers of the Association. We render him honor for what he has done, for the life he has lived. We hope that many days will crown his retirement from active affairs. We feel he will be led whenever opportunities offer to join us at future meetings and to enjoy the currents of good fellowship and advancement that are our strongest incentives.

J. H. T.

## H. B. Gillespie

**I** NOMINATE Mr. Benson G. McMechan, of Toledo, to be temporary chairman of this Convention."

Thus was offered the first motion at the Toledo Convention of 1896, when the National Association of Credit Men was born. This motion was offered by H. B. Gillespie, of Detroit.

In 1883 this gentleman joined the Michigan Stove Co., of Detroit, where he has ever since remained. Very nearly forty years with one enterprise is no mean record. Yet by one who knows Mr. Gillespie, who has been permitted to study his qualities, as we have, no surprise at this long connection could be felt.

Few of our present members have met Mr. Gillespie. He is very retiring and his important tasks with the Michigan Stove Co. have kept him out of touch with our National work.

Born in Pittsburgh on April 20, 1862, educated at public schools and at Connequenessing Academy and Harmony Academy, Pa., he entered the engineering department of the Texas and Pacific Railway Co. in 1879. He was engaged principally in surveying the plains of Western Texas and in the construction work of the Railway westward from Eagle Ford.

In 1882, he became associated with the wholesale dry goods house of Jos. Horne & Co., Pittsburgh, Pa. He occupied this position but one year and moved to Detroit for his present long connection.

In the early 'Nineties, Mr. Gillespie was very much interested in credits. He recognized as did other thoughtful contemporary credit managers, that conditions were not at all congenial to commercial progress, that something ought to be done to systematize credits, to safeguard them with proper laws, to establish interchanges that would permit of safer discriminations and correct the absence of confidence that distinguished the credit relations of those days.

The first President of the National Association of Credit Men, Wm. H. Preston, at that time an active busi-

ness man in Sioux City, Iowa, corresponded with Mr. Gillespie, as he had done others in the credit field; and when the Toledo Convention of 1896 was called, he gave to the convention the force of his personality and ideas. They were so convincing that he was elected a Director and served on the first National Board.

Upon returning to Detroit from the Toledo Convention, steps were promptly taken to organize there a local Asso-



H. B. GILLESPIE

ciation of Credit Men. This was accomplished in 1896, and Mr. Gillespie accepted the presidency of the association in 1902.

I well remember meeting him at the Detroit Convention of 1898,—my first convention. I shall never forget it. The newness of the idea, the strangeness of meeting so many fellow workers in credit made a very deep impression and I have found it difficult to rate any later convention as superior to my first.

The Convention of 1898 was held at the Hotel Cadillac, Detroit. The convention room would now accommodate one of our committees, so rapid has been our growth. Mr. Gillespie was very much of a host at the Convention of 1898. He made many friends and those who are still in the work recall his cordiality and how earnestly and successfully he strove to have all of Detroit's guests thoroughly enjoy themselves.

I do not see Mr. Gillespie these days except on my annual visits in Detroit. He sat at the table with me at a dinner in Detroit on October 14, 1922. He had not changed a particle. He seemed to be just as young as he was in 1898. He was very proud of the Association's progress. He was proud of having been one of its founders. He seems to feel it was remarkable that the Association had grown so fast and outstripped the fondest expectations of the men who founded it.

I wish it were possible for all our members to meet Mr. Gillespie. I felt it was due him to offer this introduction in order that those who are proud of the Association today might know something of a real man, who was so intimately identified with its origin and the force of whose ideas contributed to its first roundness.

J. H. T.



# Factors Determining Credit Risk

## Continuation of Study of the Three C's

By John Whyte, Ph.D.

Director, National Institute of Credit

**I**N the March issue of the CREDIT MONTHLY we began the study of the factors the credit man must consider in determining the credit risk, and came to the point where we may take up the factor of capital.

### CAPITAL

It is not a simple matter to isolate any one of the Three C's from the other two. Though character and capacity, for example, may each exist separately, they so frequently exist together in varying degrees of affinity that it is difficult to consider one apart from the other. The affinity between capacity and capital is, from one point of view, a closer one. Though capital can not exist long without capacity, capacity in its relation to capital stands as cause to effect, because normally capacity produces capital. Considered alone, capital is the amount of money in the business, and for the credit man is usually measured as a surplus of assets over liabilities, particularly of a surplus of quick assets over liabilities, which constitutes the margin of safety or, in the vernacular of the credit man, the "cushion." This capital is reasonably ascertainable at certain specific

times. But the credit man who looks to future payments must project this capital into the future where it will be subject always to the influence of business capacity and character and of changing business conditions.

### SUMMARY OF THE THREE C's

Though the ideal or 100 per cent. desirable credit risk reveals these three factors in relatively large proportions to each other, and in high degrees for each factor, enough has been said to indicate that it is impossible, arbitrarily to set down the "proper" proportions that these factors should bear to one another. Assigning, therefore, to each of them  $33\frac{1}{3}$  per cent. value of the whole or 40 per cent. and 30 per cent. and 30 per cent., only attributes rigidity to proportions that by the very nature of things must and do vary. In slack times and in times of general depression houses with reputations for character and capacity possess credit even though they are sadly lacking in capital. In other words, in such times the credit man stresses the factors of character and capacity to a degree that he does not ordinarily do in times of prosperity. Similarly in times of great

prosperity, the wise credit man who reckons with a possible deflation will scan with greater care the capital item, for merchandise and accounts receivable have been known to shrink with appalling rapidity with the advent of depression.

Moreover, certain sections of the country and certain lines of trade show varying proportions that may be looked upon as characteristic for the sections and for the lines of trade. Whatever the reasons may be, business character varies somewhat in different parts of the country and in different lines. The same thing is true of business capacity. In some lines and some parts of the country, capacity seems to be on a lower level than in others. In any of these cases, the prudent credit man will adjust the elements of his measuring rod. In the last analysis most individual credit risks provide the necessity of some sort of an adjustment. Since very few risks are ideally perfect, the credit man has to be satisfied with more of this and something less of that,—specifically in many cases more of character and less of capital, and where character is (or character and capacity are) deficient, less of character but more of capital.

## Prize Competition

**A**TENTION is again called to the prize competition open to members of the National Association of Credit Men and to N. I. C. students.

Through the generosity of the Paint and Varnish Club of New York City a fund of \$375.50 has been turned over to the National Association of Credit Men from which fund each year \$50.00 is to be awarded for the best article on Credit Office Practice and Technique until the fund is exhausted.

The Board of Judges having charge of the competition is made up of the subcommittee on Prizes and Honorary Degrees of the Supervisory Committee on Education of the National Institute of Credit. The members are:

Chas. W. Gerstenberg, Prof. of Finance, New York Univ., N. Y., Chairman; Geo. J. Clautice, Treas. Lyon Conklin Co., Inc., Baltimore; David Golieb, Einstein Wolf Co., 1113 B'way, N. Y.; Fred R. Fairchild, Prof. of Economics, Yale Univ., New Haven; Dean A. B. Wright, Univ. of Pittsburgh; J. H. Tregoe and Dr. John Whyte.

### CONDITIONS

1. The competition is open to any one who handles credits for a house holding a membership in the National Association of Credit Men, or to any student in the National Institute of Credit.

2. All papers shall be in the hands of Dr. John Whyte, 41 Park Row, New York, not later than August 1, 1923.

3. The Board of Judges have complete authority in awarding the prizes. This authority will include the right to make such modifications in the competition as may be necessary to its best conduct.

4. The winning paper and such others as the Board may select will be pub-

lished by the Association in the CREDIT MONTHLY or as a pamphlet or in any other way the Board may see fit.

5. The exercise of privilege of publication of the prize essay or other essays shall not preclude the use of the manuscript as a thesis for candidacy for an academic degree.

### SUBJECTS

1. Methods of handling orders and credit information for rapid checking.

2. The use of the ratio of past dues to outstanding accounts in the control of credits.

3. Methods of showing results obtained in collection and credit work.

4. The interpretation of credit interchange reports.

5. Credit ratio analyses and their use in determining credit risks.

6. A description of a set of useful credit department forms.

7. Has any improvement in the treatment of insolvent concerns been revealed in the statistics of the failures?

8. A survey of 100 credit men indicating the extent to which they use the several sources of information in credit granting.

9. Methods of collecting accounts closely without loss of good will.

10. How to keep down the bad debt loss without the sacrifice of desirable business.

11. How does credit insurance compare with other forms of insurance from the standpoint of necessity, desirability and cost?

12. The routine of a modern credit and collection department.

13. To what extent and how can a credit man delegate credit work?

## Give Us Your Answer!

**T**WO executives in one of the largest industries in the country put their heads together and evolved the following problem to be solved by their credit men. The question was put to the credit men in this industry. What is the answer to it?

The assumption can be made that

the houses A. and B. are two competing houses covering the same territory and selling the same customers.

### PROBLEM

Assume total orders received \$1,000,000

Assume net profit 20 per cent.

A. Declined 3 per cent. business

B. Declined 5 per cent. business

A. Net loss  $1\frac{2}{10}$  per cent.

B. Net loss ?

How small a net loss should be suffered by B. to justify the more conservative credit policy and yet equal in net profit the greater volume of business checked O. K. by A.?

## Talk on Bankruptcy

**F**EDERAL JUDGE FOSTER recently delivered an address to the members of the New Orleans chapters of the National Institute of Credit and of the American Institute of Banking. Judge Foster spoke on "Bankruptcy and Its Relation to the Banking Industry."

Beginning with the first forms and methods of bankruptcy in its earliest history the judge traced the progress of the law. As late as 30 years ago, he said, men were imprisoned for debt and today they can be put in prison in the state of Louisiana for the same thing, in certain cases. In the early history of bankruptcy there were no laws that discharged the debtor after he had gone into bankruptcy and his assets had been taken by the creditors. It was in the early part of the eighteenth century, he stated, that the first laws to discharge the debtor were enacted.



# The Credoscope

By Secretary-Treasurer

J. H. TREGOE

National Association of Credit Men

## *SURFACE VS. UNDER-SURFACE CONDITIONS*

MORE THAN eight years have rolled by since the breaking of the severe debacle in Europe, but it would seem that every portentous event in this period should never be forgotten.

In the Fall of 1919, a spasm of fear ran through the country lest the halting of our commerce with Europe and other involved conditions would eventuate in a panic. Under the surface as we drilled into it, there was not a single element of a panic. Commodities, stocks and indebtedness throughout the Nation were about normal, and if a panic had occurred then, it would have been most senseless and unnecessary.

In 1919 the production of certain commodities was over-strained. The people were buying extravagantly, everything indicated a prosperous period for business. Under the surface, however, there were discernible congested conditions. Credit was becoming over-taxed, the extravagant buying was forcing prices to unprecedented heights. A readjustment was inevitable; it came like a bolt from the blue in 1920 and brought on the deflation that was necessary to recuperation.

The situation just now is very vexed. To prognosticate the future was never more difficult. I feel, however, that the very best test of what the future will produce may be found in under-surface rather than in surface conditions. Reports are being issued that are not, in our opinion, very wholesome, for the body of business. They are apt to give impressions which will lead to unwise commitments, to extravagant uses of credit and eventual inflation that must have its downward side.

Talking these days on the business outlook is a rather serious matter and should be so considered by those whose judgments are looked up to and that emanate from departments, official or otherwise, from which safe guidance should be expected.

The safe thing for men of business these days to do is to take very little at its face value, to do a great deal of thinking for themselves, to raise the upper crust so as to get under the surface and see if possi-

ble what are the conditions there. Beyond dispute, what the future is to bring can be read but partially from surface conditions as they exist today. The inevitable workings of credit must be reckoned with in every observation. Outlets for some of our commodities must be considered; markets must be studied.

In my own contemplation of the situation, I believe firmly much caution is in place and this is why I am appealing to the critical analysis of business men, that they should think for themselves rather than be swept from their feet by surface appearances.

## *THE NATION'S CHIEF ASSET*

I MUST ADMIT that the farm lands of the West offer to me an attraction that I do not always find in the bulging smoke of factories. The farm lands get very close to life itself. The factory speaks more of utilities. The science required in operating industries under the modern system has weaned a great deal of attention from the farm. Many of us do not recognize that the farm lands of the Nation are its biggest asset. Their appraised value at present approximates seventy-eight billions, a little less than one-third the Nation's wealth.

The production of the farm in the past half century forms an interesting chapter in our development. In 1870, its production amounted to one billion, eight hundred million, plus. In 1910, the farm production amounted to just a little less than eight and one-half billions. In 1919, the production reached very nearly twenty-five billions. After 1919, the production decreased materially. The increased production through these decades brought naturally in its wake an increased valuation. The farm lands produce, in many commodities, more than our own people can consume. There must be outlets for this surplus production, which must go to places where the commodities are needed and can be paid for at proper prices.

The same economic laws apply to farm lands that apply to industries: There must be an excess of production above consumption that profits and added capital may accrue. Considering this large asset as

a factor in our prosperity, we must recognize that if proper dividends do not accrue from the investment, there will be inequalities in purchasing power, which must project itself into every domain of business. Long ago I concluded that the Nation could not substantially prosper unless its farm lands were prosperous. This fact is deeply involved in the economic problems of the day. The farmer generally is very much concerned about the future. He is wondering what markets will be open for his surplus products. He is fearful that unless markets do develop the reaction of the surplus on prices will wipe away his profits and seriously cripple his buying power.

In the midst of good surface conditions in trade movements, we shall be very unwise not to take the farmers' problems into account and strive mightily to assist him in solving them. Credit through government instrumentality has had congressional discussion. We must concede that such assistance is needed and should be granted in many places. Above the granting of credit facilities, I would say that co-operation should be developed among farm enterprisers, that more system should be installed in this extractive industry, that there should be more self-help and less fear with the farmer. This is a question with which credit in its wide sense is directly concerned.

Watch the land, is my earnest admonition. Assist in its production by the proper understanding and by the intelligent treatment of situations that materially affect the making of profits in the farm enterprise.

#### GOOD CREDIT WORK THE RESULT OF GOOD CREDIT MANAGERS

AN ENGLISH economist has said that good banking is produced not by good laws but by good bankers. This is worth thinking about, for not alone in the field of banking does the goodness of an enterprise rest upon the goodness of those who conduct it. Laws often throw fear into the hearts of men, but the making of the man and the reflection of himself in the enterprise that he conducts rests upon something higher.

Making ourselves fit for the work we do is a guarantee that the work will be well done. This may not always succeed according to human expectations but there will be a goodness about it which in the long run will give joy and satisfaction. Is it possible that in our mad race for success as we are accustomed to measure success there has been a neglect of the technique which stamps an enterprise with goodness? We have not been, I am sure, sufficiently attentive in the field of business and banking to the elements which measure goodness. We have been so much immersed in the competitive race for success as measured by dollars that service is oftentimes sacrificed and we are deprived of the satisfaction of

knowing every letter in the alphabet of our endeavors.

Good banking will indeed result from good bankers; good business will result from good business men; good credit work will result from good credit managers. The two ideas cannot be dissociated, and it is humanly inspiring when we are brought to realize that what we do bears the impress of ourselves.

#### WEAKENING THE BACKBONE OF DEBTORS

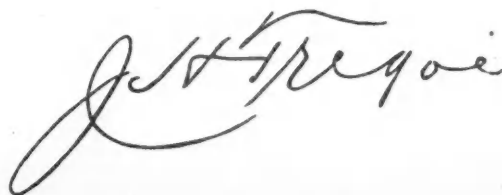
I BELIEVE the man is yet to be born whose morals cannot be tampered with by indulgences. The letter you may write to a debtor assuring him that the additional time he has asked is perfectly agreeable, that you recognize it a real pleasure to help him and for which you naturally anticipate the reciprocation of more business may prove an injury rather than a service.

When contracts are entered into, when promises, implied or expressed, are made, the breaking of a contract or a promise or even its suspension should not be indulged as some idle thing, for in the indulgence you may be hurting the other fellow.

Strong men, I believe, are made by stern and just measures. Accepting compositions in an off-hand fashion without grubbing into your rights, without making any attempt to discover whether the composition is fair, is tampering with morals and very apt to liquify the debtor's backbone. If we are taught to understand that credit is a serious thing, that it involves principles higher than men themselves; that the observance of contracts and the living up to obligations are necessary to the safe flow of credits, we can avoid much of the softening process that usually happens when we play the game with indulgences.

I do not think it is right for us to injure the other fellow. Rough treatment must be submitted to sometimes, for our physical welfare, and we are grateful for it when the struggle is over. By the same token the administering of strong treatment in credit intercourse will make stronger men and will usually bring their gratitude.

Many have been spoiled by the sparing of the rod.





# Why Are We Making No Money?

## Figuring True Costs on What We Sell

By G. H. Creveling

Wickwire-Spencer Steel Corporation, N. Y.

**H**OW many times in the year is that all important question asked, "Why are we making no money?" It is a question which should never be puzzling to any business man, yet thousands of merchants and manufacturers fail every year because they can not or do not find the answer.

The results of any business are told in figures. These figures, if subjected to a little study, would soon tell whether money is made or not and whether the selling price is too low to permit a fair margin of profit, or too high to prevent a large volume of business flowing in.

The all important question is "What is the correct selling price?" This is a question calling for constant study; yesterday's answer may not be the answer for today. The selling price is always an important determinant in the success of a business no matter how small. Though no consideration in any organization is of greater importance than that of determining the selling price, very little attention is paid to it by the average man who started as an ambitious and skilled mechanic or store owner, whose knowledge of the mechanical side of his business is great, but who neither knows nor appreciates the value of an analysis of the expenses of running his business.

To know the true expenses in a small business does not present a difficult problem. As the business grows, the problem of course becomes more complex. The methods used for a small business which is always under the eye of its owner or superintendent cannot be relied upon when the plant or store becomes so large that personal observation is out of the question. The demands of modern business more and more require that a system be set up to bring out the true facts.

### RECORDS MUST BE COMPLETE

Records must not only show costs as they are, but be organized in such manner that deductions may be drawn as to the reason for them and the possibility of reducing them. Furthermore, records, must be so complete that the correct basis for selling price will be known.

If the business is that of manufacturing or contracting a good system should enable the proprietor to prepare estimates with assurance that a profit will be made if the work is undertaken, and that competition will be met on an intelligent basis. The system should enable him to know the most profitable lines to push. It should make possible a comparison of the workings of each department.

On the other hand systems of finding cost to determine the selling price can be too elaborate, and expensive to maintain. Common sense should be given play here. To determine costs, one must have a true knowledge of the workings of the industry or institution. Rough figures may be satisfactory in some lines, while fine details will be required in other lines. A system that would ap-

[Analysis of items which must be imposed upon the prime unit cost in determining complete cost, on which selling price is figured]

## ANALYSIS OF COSTS

MATERIAL			Production in Units	Cost per Unit	
Factory Cost	Direct Labor	Day Work Piece work Premium work Bonus work	}	Prime Cost	
	Manufacturing Expenses	Factory Office Salaries			Superintendents Foreman Factory Office Clerks Time & Cost Clerks Purchasing Dept. Inspectors
		Indirect Labor in Factory			General Helpers Truckmen Elevator Men Crane Men Watchmen Lost Time
Miscellaneous Expenses		Depreciation Repairs & Bldgs. Repairs & Equipment Insurance Rent Taxes Factory Supplies Freight Inward Cartage Inward Expense Tools Power Heat Light Trucks—Autos Experimental Work	Distributed to Production Cost.		
General Expense	Administration Expense	Salaries—Officers Expense—Officers Directors Fees Clerical Wages Office Supplies Office Rent Depreciation of Office Equipment Repair to Office Equipment Insurance on Office Equipment Postage Telephone & Telegraph Legal Expenses Interest		Distributed over Factory Cost by Percentage	
	Selling Expense	Salaries—Salesmen Expense—Salesmen Clerical Expense Commissions Advertising Postage Telephone & Telephone Supplies Freight Outward Cartage Outward Incidental			

FIG. 1.

ply to one line of industry, perhaps would be entirely out of line in another. Cost systems must be adapted to the business, and if the correct principle is applied, leaks and waste will be exposed.

The business man who obtains a contract by underbidding his competitors, with a price on which he will lose

money, not only ruins his own business but destroys that of his competitors. A competitor of this type is dangerous and greatly to be feared, for he operates in most cases without knowledge of true operating expenses. It is of little consolation to the manager whose costs are accurate, to see such competitors.

(Continued on page 25)

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# Atlanta Getting Ready to Entertain

## Exhaustion of Watermelon Crop After Convention is Predicted

**A**TLANTA, home of the Georgia peach and watermelon, the boll-weevil, and Coca Cola; capitol city of the Empire state of Dixie and metropolis of the new South; city of historic romance and home of old-time Southern hospitality, is making ready to act as host to the National Association of Credit Men at their 1923 annual convention to be held June 12-15.

Here still lives and breathes the spirit of Henry Grady and the mellow humor of Uncle Remus. Good cheer flows as freely as the sparkling streams themselves that course down the old red hills of Georgia to the sea and gulf. A kindly fellowship abounds that refreshes the heart of visitors even as the breezes that caress the cotton blooms nodding under blue Dixie skies.

Ye who have forgotten Atlanta, dig up your ancient geographies—or better still the dog-eared histories that tell of Sherman's famous march through Georgia that put Atlanta on the map, although, for the time being, it effectively erased the town from its place on the earth!

To anyone familiar with the growth of this city, its rise from the ashes of '65 to its present greatness is nothing short of astounding. Without a single natural advantage that goes to make a great city, other than being happily situated in the foothills of three mountain ranges and being the meeting place of railroads which emerge through the gaps, Atlanta has forged ahead and become in 1923 a bustling metropolis of over a quarter of a million people with more than 500 factories and twenty-odd buildings of the skyscraper class. It has become the commercial and financial center of the South. A Federal Reserve Bank is located here; the headquarters of the Fourth Corps of the Army are maintained in Atlanta; railroads and express companies and practically every large insurance and industrial concern in the country have their southeastern headquarters in this city, and its banks have annual clearings of over three and a half billions.

### UNRIVALLED SCENIC BEAUTIES

Atlanta is situated to appeal strongly to the tourist, and the convention visitor will be well rewarded for his trip by its scenic and other beauties alone. Nestling in the foothills of the Blue Ridge Mountains, over a thousand feet above sea level, Atlanta is freshened by delightful breezes that come from the gulf, the Atlantic or the mountains and her June temperature is the most delightful that will be found anywhere. Sunny skies, mild breezes, air heavy with the fragrance of roses, and honeysuckle, mockingbirds, and other songsters contribute immeasurably to make the stay of the visitor delightful.

There are a thousand and one places of interest whether viewed from the standpoint of historic association, scenic beauty, picturesque and quaint southern happenings, or industrial and commercial activity; but space does not permit of more than a brief reference to their attractions. Stone Mountain, with its great mass of solid granite rising hundreds of feet into the air,—the mightiest single rock in the world, on which will be carved a huge memorial to the Confederacy,—the

numerous sites over which the forces of the Blue and the Gray struggled during the "Sixties," the beautiful parks and alluring motor trips into the surrounding country, the bustling downtown center which has been so frequently and appropriately spoken of as "little New York,"—these and many other things will hold the interest of delegates to the June convention.

And there will be every opportunity for visitors to enjoy the delights of this fair Southern metropolis to the fullest, for the Atlanta Association has not been idle.

Even now we learn of this live-wire crowd having subsidized a complete watermelon farm for the delectation of convention guests when the feasting begins in June! Automobiles and guides will be lavishly provided and the city's playgrounds will be thrown open to the Credit men and their ladies. Six club

houses with spacious greens that have been trod by Alexa Sterling, Bobbie Jones and other national champs during their training days, will tempt the enthusiastic followers of the elusive pill. Ducky singing and a sure-nough Georgia barbecue will satisfy the taste of the most fastidious seeker after novelty. Horse-racing, fire-works, dancing and a water pageant will complete the entertainment features and send everyone back home with rejuvenated spirits and a new love for the South.

But the Atlanta convention will not be devoted to pleasure alone. There is much serious business to transact, and let it be said that the Atlanta crowd is lined up to carry through a program of unusual profit and interest in a thoroughly capable and aggressive manner. The following committees have been appointed and are all busily getting things lined up: a general committee,



THE NATURAL BRIDGE, VA.

One of the Many Sights that Convention Delegates Will See



## ALTITUDE OF ATLANTA, OUR CONVENTION CITY

SECRETARY WILLIAMSON of the Atlanta Association, sends to the Credit Monthly the above drawing (which was perhaps borrowed from Van Loon's "The Story of Mankind"). It shows that delegates to the 28th Annual Convention of the National Association of Credit Men, June 12 to 15, need have no fear as to the height above the sea of Atlanta.

Indeed the picture indicates that by far the largest number of the many credit grantors who will attend the Convention will be traveling up hill all the way.

charged with co-ordination of the various other committees, the general supervision of convention plans and the keeping up of a high spirit of morale and hard-working, good-fellowship; an *executive committee*, to serve as a clearing-house for working committees and be responsible for the budget, appropriations and auditing; a *finance committee*, to complete the fund for entertainment of the convention; a *hotels committee* to provide for comfortable accommodations at reasonable rates; a *reception committee* to make everybody feel at home; a *transportation and information committee*, whose title is explanatory of its functions; an *automobile committee*, which will not only commandeer enough local cars to provide pedestrian guests with other means of locomotion, but garage service for delegates coming via Ford, etc.; a *program committee*, to provide big-caliber speakers, music, etc.; an *entertainment committee* (whose work has already been hinted at); a *convention-halls committee* to arrange for general sessions, committee rooms and halls for trade group conferences; a *decorations committee*, to do everything outside of "painting the town red"; a *publicity committee*, to let credit men from the Atlantic to the Pacific know of what Atlanta has to offer the convention; an *educational and exhibit committee*; and a *ladies committee* that will engineer the sight-seeing, the comfort and the

special entertainment of our better-halves.

### EXHIBITS OF RESOURCES OF THE GREAT SOUTHEAST

The work of the educational exhibit committee will mark a new departure in the convention programs of the National Association of Credit Men. It is planned to stage an exhibition of features that will be unique and interesting in directing the attention of delegates, and through them, their large circle of friends and acquaintances, to the resources offered by Atlanta and the South to those seeking a new home and virgin fields of opportunity. There will be exhibits of the natural resources of this section and an exhibit vividly illustrating the development of cotton from the planting of the seed through the manufacturing processes used in turning out finished garments. The primitive spinning wheel and other antebellum devices, operated by an oldtime colored "aunty," is being projected as one attractive feature of this exhibit.

Withal, the Atlanta convention promises to be an event never to be forgotten by those who attend. While Atlanta may be considered by some to be a little "off-center", geographically speaking, the unusual attractions it offers to the visitor will tempt some of our far-away brethren to cross the Rockies or shake off the alkali dust of Arizona and elsewhere and drift down toward

Stone Mountain and the land of the mountain dew along about June. Fourteen railroads entering the city from all directions make Atlanta easy of access from all directions, and a few hours' difference in making the trip should not cause anyone to miss the profit and fun of this big, enthusiastic gathering of the clans.

### ENTERTAINMENT FEATURES OF THE ATLANTA CONVENTION

Monday, June 11

Afternoon: Golf games for early arrivals.

Night: Get Acquainted Smoking Reception, Ansley roof garden. Tuesday, June 12

Afternoon: Tea for visiting ladies at Druid Hills Golf Club. Bankers' Golf Tournament followed by Annual Dinner, Druid Hills Golf Club.

Night: President's Ball, City Auditorium.

Wednesday, June 13

Morning: Ladies' visit to the State Capitol and shopping district.

Noon: Luncheon for the ladies at the Woman's Club, followed by sight-seeing automobile trip through residential and park section with tea at the D. A. R. Chapter House, joining the men at Druid Hills Club where there will be a watermelon party at which negro singers will be featured.

Night: Group parties.

Thursday, June 14

Morning: Special concert for the ladies at Howard Theater. Visit to points of interest.

Afternoon: Automobile ride for all delegates and visitors terminating at the Southeastern Fair Grounds, where there will be a barbecue with several horse races as entertainment features. From there all delegates will go to East Lake Golf Club, where there will be a water pagant, fireworks and dancing.

## Special Trains to Atlanta Convention

THERE will be a number of special train movements for the 28th Annual Convention of the National Association of Credit Men, Atlanta, June 12-15. The plans for such trains are under way at Chicago, Cleveland, Indianapolis and New York. All specials will go by way of Chattanooga where a day is to be spent with the members of the Chattanooga and other associations of credit men in Tennessee.

The special train from the North East will serve delegates from New England, New York, New Jersey, Pennsylvania, Maryland and Western Virginia. A day will be spent at Luray Caverns, a day at Chattanooga and on the return from the Convention a day at Savannah and the return by water.

As this number of the CREDIT MONTHLY goes to press the details of these trips were not completed, but they will be published in due course. Secretaries of local associations will have the detailed information on the arrangements made with the South Eastern Passenger Association for special convention rates; but these rates will be available only when the same rails are used for both the going and returning trip.

## CONVENTION COMMITTEE CHAIRMEN



**BOLLING H. JONES**  
Chairman-Finance Committee



**Mrs. D. M. BOYKIN**  
Chairman-Ladies Committee



**H. E. MOODY**, Pres., Atlanta A.C.M.  
Chairman-Program Committee



**NAT'L DIRECTOR H. S. COLLINSWORTH**  
Chairman-Hotels Committee



**HERBERT E. CHOATE**  
Chairman-General Committee



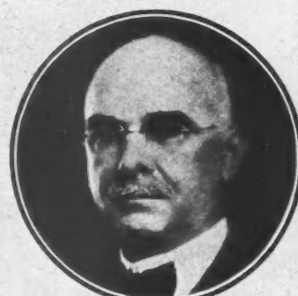
**W. L. PERCY**  
Chairman-Entertainment Committee



**E. S. PAPY**  
Chairman-Reception Committee



**T. P. HICKS**  
Chairman-Automobile Committee



**W. B. WILLINGHAM**  
Chairman-Halls Committee



**H. D. CARTER**  
Chairman-Publicity Committee



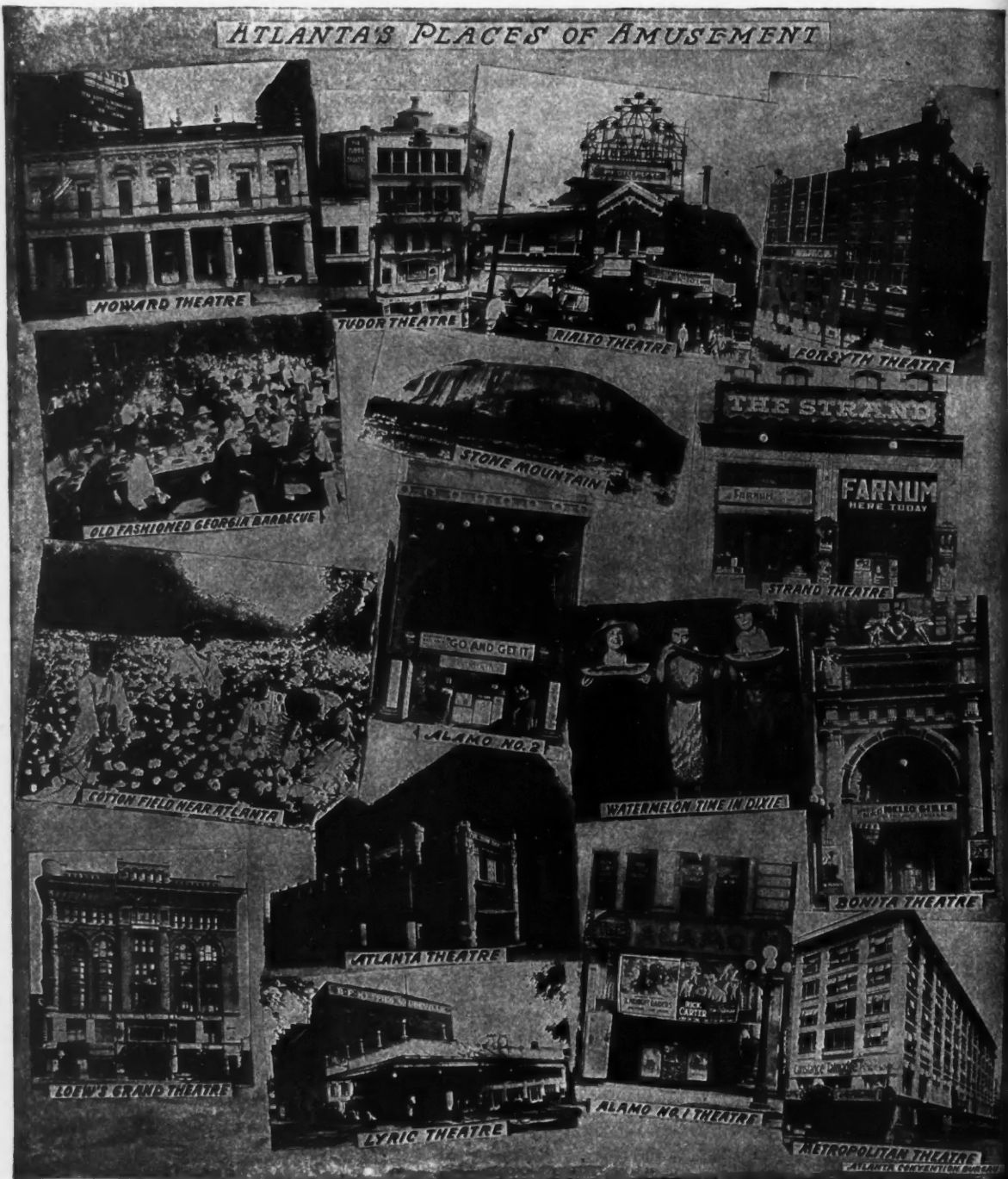
**W. B. WALLACE**  
Chairman-Information Committee



**C. L. WILLIAMSON**  
Sec., Atlanta A.C.M.

**28th Annual Convention  
National Association of Credit Men**





Twenty-eighth Annual Convention  
 NATIONAL ASSOCIATION OF CREDIT MEN  
 June 12-15, 1923







## Why Are We Making No Money?

(Continued from page 20)

tors go into bankruptcy, for as fast as they disappear others equally ignorant go into business. This condition can be curbed only by intelligent and exhaustive work by live business organizations.

Many manufacturers depend upon their balance sheets to determine cost and upon their competitors to fix prices. This is guess work of the rankest and most treacherous sort.

Many a retailer doing a business of \$50,000 a year will tell you that "a cost system is only for manufacturers."

The wholesaler and jobber thinks of cost in a lump sum as an expense in his balance sheet. Another manufacturer works out his business plans on general principles and knows what his products cost him. But the average business head fails to grasp all the vital facts that go to make up the true cost of selling an article and waits for a yearly or half yearly inventory, to find out if he has made or lost money. Often a call goes out to the creditors for an extension because the debtor woke up too late.

There is only one way to correct any fault in a business. It is to locate it and apply the remedy.

E. St. Elmo Lewis says, "It is interesting to figure out how cost accounting came into use. No doubt some man developed the theory that, if he kept books with himself,—not only with his customers, but with the various parts of his business, with all his workmen, with his materials, his machines and his salesmen,—he would be better prepared to manage his business for greater profits. On one side, our man put down all a workman did, on the other, he put down all the workman cost him. At the end of a year, six months, or every month, he could cast up, and see whether he was getting what he was paying for, whether that workman was making a profit for him."

The summary under the heading "Prime Cost-Labor" was under the following column heads: Date; Labor Paid; Production in Units and Labor Cost per Unit.

Pursuing Mr. Lewis's thought, this same man might have conceived the idea of keeping books on the raw material that he bought. He would find what the raw materials cost, where they went, and what he had on hand. The material records would be under the heading "Prime Cost—Raw Material." Under this heading there would be the column headings as follows: Date; Material Used; Amount; Production in Units; and Material Cost per Unit.

Then he would find that by combining labor and raw material the prime cost of any article could readily be determined.

He would also find what it cost to manage the men, and the materials. Cost of management was important because more supervision had become necessary. If every workman could be trusted to do his work well without oversight, he would not have to have an overseer or foreman; but as every workman has to have a certain amount of oversight, the employer would say, "Here, I will distribute that cost of oversight to each man according to his importance on my payroll. If he makes \$5 a day and he requires \$1 of supervision, I will debit that dollar against his personal record. This also applies to the amount of material he uses. I'll sell the

## A MERCHANT'S Monthly Summary of Business YEAR 1923

	Jan.	Feb.	Mar.	Etc.	Total	% of Net Sales
<b>NET SALES:—</b>						
Credit						
Cash						
Total						
<b>BUYING EXPENSE:—</b>						
Salaries and Wages of Buying Force						
Miscellaneous Buying Expense						
<b>SELLING EXPENSE:—</b>						
Salaries and Wages of Wage Force						
Advertising						
Miscellaneous Delivery Force						
<b>GENERAL EXPENSE:—</b>						
Management and Office Salaries						
Office Supplies and Expense						
Insurance on Stock and Store Equipment						
Taxes on Stock and Store Equipment						
Losses from Bad Debts						
Miscellaneous General Expense						
Depreciation Obsolescence						
Rent						
<b>Total Expense</b>						
<b>Percent of Net Sales</b>						

FIG. 2.

This chart will give the merchant or jobber some idea of the items that enter into his selling expenses.

material to the workman at cost." The result of his calculation would be:—

PRIME COST	
Date—Labor	\$.. Production Cost per Unit\$..
Supervision	\$.. Production Cost per Unit\$..
Materials	\$.. Production Cost per Unit\$..
Total	\$.. Production Cost per Unit\$..

After he introduced this idea of keeping books with himself and with his men, he would find that while many of the men were paying him, others were not. He would begin to drop the unprofitable and put on better men. He would begin to apply a standard,—crude, it is true,—but a standard nevertheless. His standard would be simple. If a \$5. man was producing work at a profit, he would make the next man do the same thing. Before he knew it, he would have the whole factory working up to a higher pitch of efficiency. That idea of keeping books with the men and materials would work out into a cost system which had many ramifications.

He would find that costs by themselves meant nothing, that he must have standards of comparison, by which to test their value.

It would be but a step to the idea of keeping books with the line of production. He would soon find that it took a lot of money to sell certain lines. The margin of profit being small, and he would find that other lines were more profitable. Then he would see no good reason why he should not keep books with his heads of departments and his salesmen. And so all along the line he would get in touch with the value of the activities of his business.

The next idea would be to apply the cost idea to his clerical and accounting department. Finding where the minutes went, it would not take him long to realize that as his cost system gave him facts and figures about the activities of his business, he was fighting competition with his eyes open. All of this would require system, a system

which needed the co-operation and sympathy of all of his employees.

### "OUR BUSINESS IS DIFFERENT"

At the very beginning, it is well to forget all about the idea that "Our business is different." We find that there are time and material and indirect expense in every line of business, and it is necessary to trace these items of expense to make up the cost of doing business. Just as soon as we forget that "Our business is different" we find out how others do their work and arrive at a proper basis.

Cost accountants sometimes turn up most unusual and surprising conditions in exceptionally reputable and apparently well-regulated business houses. The chart herewith (Fig. 1) shows how the man mentioned above arrived at his cost and what entered into his calculations at the various stages of production.

The chart, (Fig. 2) will give the merchant or jobber some idea of the items that enter into his selling expenses.

### A Lawyer's View

(Continued from page 13.)

discriminate public attacks on lawyers continue.

Let me urge that improvement in bankruptcy administration lies almost entirely in the hands of the Federal district judges. If the committee of the local Credit Men's Association in any Federal district should present to its judge a resume of evil conditions as they are found to exist, with recommendations for their elimination, it is certain that before making any changes in procedure, the judge will seek the advice, not of the leaders in general practice, but of a few of the commercial lawyers who are informed on conditions and in whose integrity he has confidence, to advise him as to the steps to be taken to mend the conditions complained of.

# Nation-Wide Activities of Credit Grantors

## Manavelins

In the last issue of the *Milwaukee* association bulletin Edward M. SKINNER, general manager, Wilson Bros., Chicago, writes on "Human Nature in Business" and declares that the study of human nature brings big dividends.—The *Baltimore* association has raised its dues to \$30 a year.—Among the first local associations to pass along the slogan being used by the *CREDIT MONTHLY*, "Reading good books is good business," are the *Baltimore*, *Johnstown*, *Memphis*, *Minneapolis* and *Providence* associations.—At *Cedar Rapids* last month a realistic and entertaining demonstration was staged showing a salesman bringing in a country merchant to see the credit manager. The value of the demonstration was increased by the fact that everyone in the audience had in his hand a copy of the merchant's statement.—The *Buffalo* association is having an active year with the Jamestown credit club and its own trade groups, says Sec. FERRELL.—The *Toledo* association asks the old question, "Do the dead come back?" and answers "No, because the dead are not going to the state convention in Cincinnati, April 19. Only the live ones will be there. Examine your mental condition at once!"—In a single month the *Cleveland* association's adjustment bureau obtained the receivership of 9 new cases and trusteeship in 18 bankrupt estates; during the same period 15 cases were closed by the bureau, which now has 275 cases in process.—The members of the *Grand Rapids* association, alive to the service being rendered by the Federal Reserve System, recently adopted resolutions calling upon Congress to resist pressure applied by various interests to make radical changes in the Federal Reserve Law. The System, they declare, should be protected against the selfish schemes of well organized minorities.—The 8 pages of the last issue of the *Minneapolis* association bulletin are mostly filled with information on the farming and dairying interests of the section.—"Mercantile Agencies' Day" was the label of the last luncheon of the *Philadelphia* association.—Nat. Sec.-Treas. TREGOE made his first visit to *Davenport* last month and addressed an audience of 300, consisting of members of various local organizations.—Sec. ROMER of the *Milwaukee* association reports that R. J. DEMPSEY, Weyenburg Shoe Mfg. Co., has been promoted to the office of Director of Sales of his company.—Sec. BOYCE of *Johnstown* reports that of the cases handled by his association during the year the average return to the creditors was 45 per cent. The returns in the cases of the Bulk Sales Act averaged 100 per cent. and the Fire Adjustment cases 100 per cent.—Fine progress is reported for the *Green Bay* association under the aggressive leadership of Pres. W. C. GRIMMER and Sec. C. B. DOCKEY.—C. J. DENMARK of *Eric* is buying gasoline for his members at a price of 4c per gal. under the market. This saving to members will more than offset their association expenses.—An article in the *Dayton* bulletin points out that the member of a credit men's association who is not get-

ting value from his membership is invariably the sleeper who does not take what is coming to him in membership privileges.—The *Indianapolis* association has started a bulletin entitled "Creditgrams."—Writing in the *Memphis* bulletin, Attorney F. C. JACOBS condemns the credit man who induces other creditors to accept a compromise settlement and secretly gets 100 cents on the dollar for his own concern.—The *Albany* association's Credit Education Committee is organizing a Credit Study Class for which 50 men were registered within two weeks after the announcement. A course of 12 lectures is planned. The teachers include R. C. B. ADAMS, SPENCER G. GUNN, FRANCIS P. PURDIE, CHARLES GILBERT, and Hon. ARTHUR L. ANDREWS. The committee in charge is HAROLD P. WINCHESTER, CHARLES N. GILBERT and L. R. PEELEE.—Harold M. BANKER, Belcher & Loomis Hdwe. Co., Providence, contributes an article on "The Romance of Credit" to the *Credit World*, the organ of the organized retail credit men, in which he says "Wisdom is knowing what to do next; Skill is knowing how to do it; Virtue is doing it."—The *Memphis* Chapter of the National Institute of Credit, recently organized, has about 35 members.—The president of the *Dallas* association, F. C. DIERKS, Fairbanks, Morse & Co., writing in the bulletin of the association asks whether there is any reason why the slogan "Do It Now," so successfully used in other vocations should not be applied to our courts. Several bills instigated by the *Dallas* association for the expediting of legal business are being submitted by members of the *Dallas* Bar Association to the Texas Legislature.

## State Conferences

...*Iowa and South Dakota Conference at Dubuque.* More than 125 credit men registered for the Iowa and South Dakota Seventh Annual Conference at Dubuque, whose local association was very hospitable and active in its successful efforts to make the conference a success. This has been called the best conference ever held in this section. Topics were mostly practical and technical and were well selected. National Sec.-Treas. TREGOE conducted the quiz in which a large proportion of the delegates took part. In the evening there was an attendance of 250. The subjects and chief speakers were "Address of Welcome," A. C. BUETTLELL, Buettell Bros. Co., Dubuque; Response, Fred D. JEWETT, Jewett Bros. & Jewett, Sioux Falls; "The Latest Discoveries as to the Relations of Credit," Jesse SPURGEON, Samuel Mahon Co., Ottumwa; "Interchanging 'Credit Information,'" J. E. MORRIS, Churchill Drug Co., Cedar Rapids; "A Study of Credit Correspondence," G. E. MILLER, Des Moines Association; "Saving the Deserving Merchant," P. S. FAWKES, H. B. Glover Co., Dubuque; and "The Relations of Credit Manager and Attorneys," L. GOLDBERG, Galansky Bros. Co., Sioux City. The Presiding Officer was R. B. COMSTOCK, Tolerton & Warfield Co., Sioux City, Iowa Chairman, Iowa-South Dakota Credit Conference.

*Missouri Conference at St. Joseph.* The quiz master of the Eighth Annual Missouri State Conference held at St. Joseph was J. E. BLACK of St. Louis. Opening speeches were made by Pres. L. H. SMITH of the St. Joseph association; Pres. W. H. POTTS of the Kansas City Association; Arthur SHEPWOOD, Pres. St. Louis association; and B. A. LONGENECKER, representative of the Individual Memberships of Missouri. The subjects were "Exemptions," by W. E. SMITH, Hammond Packing Co., St. Joseph; "Merchandising and Credit Granting," by F. T. DOWLING, Brown Shoe Co.; "Crisis in Finance and Business; The Producing and Utility of Income, Wealth and Capital; An Analysis," by Thos. KAVANAUGH, Mississippi Valley Trust Co.; "Systematic Reading and Study; Their Relationship to the Improvement of the Credit Grantor," by P. E. PARROTT, Battrell Shoe Co.; "The Friendly Liquidation; Advantages Over Court Litigation; Principles Involved; Damaging Effect of Non-co-operating Creditors," by H. J. FORSDICK, Fairbanks-Morse & Co.; and a Demonstration on Selling Membership, conducted by the Kansas City association. At the evening banquet, where National Sec.-Treas. TREGOE was the principal speaker, there was an attendance of 200, "a very bright event with good music and good fellowship."

*New England Credit Grantors' Conference at Providence.* The conference was under the general direction of Councillor F. Elmer HAVENS, Hope Webbing Co., and E. M. DOCHERTY. The Address of Welcome was by Hon. Joseph H. GAINER, Mayor of the City of Providence. The subjects and speakers were "Analyzing the Credit Risk" by Geo. H. COLLYER, William H. Clafflin Co.; "The Mercantile Agency Report" by H. K. DEXTER, Brewer & Co.; Address by National Sec.-Treas. J. H. TREGOE; "The Friendly Liquidation" by National Vice-Pres. E. P. TUTTLE, Boston; "What is a Commercial Failure—Its Chief Causes and How Prevented," by H. M. PECK, Mfg. Jewelers Board of Trade; and "A Credit Man in his Den," enacted by H. F. Barker as Credit Man, W. H. C. Just as First Customer, and Walter F. Farrell as Second Customer.

*Pacific Northwest Conference at Portland.* The subject and speakers were, "Study of the Trade Acceptance," by P. T. PADGETT, Clyde Equipment Co., Seattle; "Saving the Deserving Merchant through Business Service," by E. H. BRADEN, Spokane Paper & Stationery Co.; Demonstration, "Selling a Membership in a Local Association of Credit Men," enacted by members of the Tacoma association; "Moral Risk in Business; Characteristics; How May It Be Discovered; Confidence to which it is Entitled," by W. H. BEHARREL, Heywood Bros. & Wakefield Co., Portland; "Credit Correspondence; Usefulness and Position in a Credit Department; Elements of a Well-Written Letter," by L. O. SANDIN, Belknap Glass Co., Seattle; "The Crisis in the Near East," by Dr. E. H. PENCE, Westminster Presbyterian Church; "The Fire Waste of the Nation," by R. E. MAHAFFAY, R. E. Mahaffay & Co., Tacoma; "The Uses and

# Nation-wide Activities of Credit Grantors

Abuses of Credit," by J. H. JONES, W. P. Fuller & Co., Portland; Three-Act Demonstration, enacted by members of the Portland association; "The Financial Statement; When to Request It; When to Demand It," by Wm. B. LAYTON. At the banquet E. W. JOHNSON, Miller & Calhoun, president of the Portland association, was in the chair, and the speakers were Marshall N. Dana, Associate Editor, Oregon Daily Journal, Portland; Vice-Pres. Edgar H. SENSENICH, Northwestern National Bank, Portland; Dr. Arthur F. SHELDON, Sheldon School of Salesmanship, Chicago; and National Director W. A. YEOMANS, Spokane Dry Goods Co. The Conference Committee chairman was George R. GRAYSON, George Lawrence Co., Portland; the Quizz Master was E. G. LEHLY, Blumauer-Frank Drug Co., Portland; the Business Session Chairman was H. D. MARNOCK, Tru-Blu Biscuit Co., Portland; and the chairman of the Ladies' Committee was Miss D. B. DOWNS, Bralley, Graham & Child, Inc., Portland.

**Wisconsin State Progress Conference at Milwaukee.** The speakers and subjects were National Director Gordon M. DAY, Day-Bergwall Co., Milwaukee; "A Study of Taxation," Warren G. MAXCY, Bartola Musical Instrument Co., Oshkosh; "The Credit Sense, What It Is and How Developed," by C. F. PRINTY, Plankinton Packing Co., Milwaukee; Demonstration of Adjustment Bureau Procedure, "Adjusting the Financial Difficulties of William Spielmacher, Smalltown, Wis.," enacted by C. B. DOCKRY, Manager Green Bay Adjustment Bureau assisted by members of the Green Bay association. National Sec. Treas. TREGOE and Pres. J. H. FURLICHER of the American Bankers Association, addressed the banquet at which there was an attendance of 300. An authority describes this as the best Wisconsin conference ever held.

## We Have with Us Tonight—

The Rev. Father AHERN, S. J., President of Canisius College, charmed and astonished the Buffalo association last month with an address showing the relation of astronomy to business; and Frank P. BENNETT, Jr., editor of the United States Investor of Boston gave an analysis of the get-rich-quick stock promoter and his methods.—The Chicago association has been fortunate lately in hearing addresses by Henry J. ALEX, former Governor of Kansas, on "The Importance of the Middle West in our Commerce;" Julian ARNOLD, Commercial Attache of the United States in China on "American Business in China;" Vice-Pres. George WOODRUFF, National Bank of the Republic, on "The Handling of Applications for Mercantile Loans;" and Prof. J. C. TEEVAN, Northwestern Univ. School of Commerce, on "The Law of Business Associations," his fifth lecture on commercial law.—Judge Carl D. FRIEBOLIN, a deep student of bankruptcy law, made an address to the Cleveland association last month entitled "Some Free Advice;" Attorney A. V. CANNON spoke on "The Handling of the Insolvent Account by the Credit Man from the Lawyer's Viewpoint;" James DUNN, Jr., Vice-Pres. and Tax

Consultant of the Union Trust Co., spoke on "1923 Federal Tax Returns;" at the last meeting of the Cleveland Chapter of the American Institute of Banking the subject was "Credits" with Alexander WALL, secretary of the Robert Morris Associates, the bank credit

*This is the call that has gone out to the Minneapolis association members:*

## Membership Drive Is On! Get a Member Now!

**G**ive a Helping Hand!

**E**nlist—Now is the Accepted Time!

**T**ake an Active Part!

**A**dvance!

**M**inneapolis Association Means Me!

**E**ffect a Sale!

**M**ake your Prospect a Member—and a Friend!

**B**egin Now and Boost Always!

**E**very Day in Every Way You'll Get Better and Better!

**R**eport Results to Membership Chairman, J. F. McGrath!

man of the National Association of Credit Men, as principal speaker and with William TONKS, vice-pres. of the Union Trust Co., president of the Associates, presiding.—At Evansville last month National President John E. NORVELL and E. B. MORAN, manager of the Central Credit Interchange Bureau, St. Louis, were speakers; the meeting was called "President's Night;" at another recent meeting, C. H. WOODWORTH, manager of the Adjustment Bureau of the National Association, made an address.—The real estate and chattel mortgage, the statute of fraud, mechanic's lien and bankruptcy laws as pertaining to the credit man in his daily work, were discussed by Lawrence B. DAVIS of the Indianapolis bar at a recent meeting of the Indianapolis association; he criticized credit men for accepting composition settlements offered by a debtor without a close examination of the Debtor's financial condition and urged that, whenever signs of fraud appear, there be made the closest kind of examination and the facts turned over to the Grand Jury.—The Kalamazoo association held its February meeting on March 1 in conjunction with the Kalamazoo Advertising League, and heard Harry L. FOGLEMAN, "a dynamic, magnetic lecturer on the great fundamentals of success in business and life."—At Los Angeles, Thos. G. Burt, Dean of Occidental College of Los Angeles,

delivered an inspiring message on "Service," finishing his talk with the legend of St. CHRISTOPHER; General Counsel Elmer SCHLESINGER of the U. S. Shipping Board told of the troubles and problems of the Board.—"The Trade Outlook in Louisville Territory" was the subject of the last Louisville association meeting; the line up was, "Labor" by Exec. Sec. C. C. OUSLEY, of the Employers' Association, "Building" by Exec. Sec. George A. BRINKE, General Contractors' Association, "Farming," by M. O. HUGHES, J. J. B. Hilliard & Son, "Transportation," by J. G. KEER, Asst. Genl. Freight Agent, L. & N. R. R.—At Memphis John J. HEFLIN of the Federal Reserve Bank, was the chief speaker at the last meeting.—The New Orleans association recently heard addresses by Sec. Franklin H. WENTWORTH, National Fire Protection Association on "Fire Waste;" J. L. PORTER, Porter Clothing Co., on "A Credit Man's Position in Business;" and Pres. Geo. P. THOMPSON, New Orleans Wholesale Grocers Association on "Neglected Opportunities and the Selling of New Orleans to the World."—National Director A. J. MAY, Washington, D. C., talked recently to the members of the Norfolk association.—At Newark last month Julius Henry COHEN, an authority on the Bad Check Law, the Commercial Arbitration Act, etc., addressed the North Jersey association.—Edward F. DOUGHERTY, attorney for the General Land Bank of Omaha, speaking before the Omaha association last month, said that rural credit legislation is hastening the time when the farmer will be something more than a farmer; he will be a business man.—Recent speakers before the Pittsburgh association were Dr. J. T. HOLDSWORTH, vice-pres., Bank of Pittsburgh, N. A.; B. B. TREGOE, Foreign Credit Dept., National Association; and Leonard S. LEVIN, on "State and Local Legislative Projects;" and T. Alfred FLEMING of New York on "Pittsburgh's Great Fire Loss in 1922," which was over \$2,002,468 as against \$808,000 in 1921.—In an address to the Providence association last month the orator, Harry COLLINS SPILLMAN, declared that a definite knowledge of what efficiency means must be instilled into the mind of every employee and every owner of a business.—Edward J. HENNING, Assistant Secretary of Labor, at a recent meeting, told the Rochester association that Pres. HARDING has stabilized business and has prevented the Nation from becoming embroiled in the European tangle; U. S. Senator Pat HARRISON, of Mississippi, addressed the association at its last meeting.—The Syracuse Committee on Credit Methods and Co-operation whose chairman is L. R. LAFRANCE, West Knitting Co., arranged a meeting at which C. J. WALDRON of Utica gave an inspirational address on the "Business Conscience."—At Toledo recently N. L. SCHMIDT, Woolson Spice Co., in an address on "Accepting the Salesman's Judgment in Passing Credit," said that he had interviewed a General Manager, and had asked his opinion; promptly and emphatically the G. M. replied, "No!" He interviewed a salesman, who without hesitancy said, "Yes!" He interviewed a credit manager, who replied, "That all depends."



# Books for Business Men

Reviews Written or Edited

By John Whyte, Ph.D.

Director of Research, National Association of Credit Men



AS PART OF the campaign to increase the knowledge of economics in a country that has been called "a nation of economic illiterates," the Credit Monthly has arranged with Dr.

Whyte to conduct this department of critical and descriptive reviews.—THE EDITOR.

## A Thousand Pages on Letter Writing

THE HANDBOOK OF BUSINESS CORRESPONDENCE. S. Roland Hall. McGraw-Hill Book Co., Inc., N. Y. 1923. 1048 pp.

This book has over 1,000 pages and is one of the most comprehensive books on business correspondence that the reviewer has yet seen. It covers a large number of different phases of this subject. Necessarily, therefore, it can not present exhaustively all the different subjects, but it contains, nevertheless, a vast amount of material in each chapter covered,—suggestive material and actual letters and forms. In addition to the material on letters it goes into considerable detail on the management of correspondence which is a vital part of office management. For example, there are chapters on the Use of Dictating Machines, Management of a Stenographic Department, Records and Working Methods, Printed and Processed Letters, etc. A listing on some of the other chapters will give the reader an idea of the material covered in the book: Correspondence Supervision and Improvement, Mailing Lists, Letters that Adjust, Letters that Collect, Letters about Credit, Letters to Salesmen, Letters to the Trade, Letters to Farmers, Letters to Women, Letters to Young Folks, Letters to Professional and Technically Trained Readers, Developing Export Trade by Correspondence.

The book is attractive in make up and excellently illustrated, and contains a wealth of interesting and valuable comments and hints, which should make it a valuable addition to a library on business correspondence even though that library contains all the books written on this fertile subject in the last few years.

## Installment Collections

INSTALLMENT SALES AND COLLECTIONS. Bryant W. Griffin. Prentice-Hall, Inc., N. Y. 1922. 295 pp.

This is the first book that has appeared on the subject of installment sales and collections. Its direct appeal is limited largely to retail houses that make a practice of this type of business and to those wholesale houses who sell office equipment and other fixed assets on the installment sale plan. From the general business point of view every wholesaler, as every other unit in the business organization, is interested in it. The large proportions which installment business has assumed in the last ten years makes the whole subject one of engrossing

interest and inquiry. There are those who hold that the increase in installment sales has been one of the reasons for over-extension of credit and that its effect has therefore been injurious to American business. There are others who while admitting some of the evils that have attended this type of credit extension, believe that it is a necessary development of credit and that, though it has brought evils with it, we should not allow these evils to blind us to the service which this type of credit is rendering, namely, the further facilitation of the exchange of commodities.

The author of the book does not pass judgment on the economic or social phases of the whole problem. He considers the conditions not the theory involved, and discusses the extension of credit and its collection under these conditions. Though the technique of installment sales and collections varies somewhat from the commoner type of sales and collections, the principles involved are the same. The reader of this book will find nothing strikingly new in either the presentation of the credit or collection aspect. Collection letters asking for the payment of past due installments do not differ essentially from collection letters asking for the payment of ordinary past due accounts. Some of the subjects covered in the book are: Selling on the Installment Plan, Installment Sales with Moderate Capital, Examples of Successful Collection Letters, Last Resort Methods, Attorneys and Collection Agencies. The book is supplied with samples of collection letters and very interesting comments on the whole subject of the psychology of collections. The book has 70 pages of digests of laws in various states on conditions of sales and chattel mortgages. An excellent presentation and attractive make-up make the book interesting reading. It is recommended to those interested in the subject as the first work (and a good one) on this large and growing business phenomenon.

## Ten Great Commodities

SOME GREAT COMMODITIES. Edith M. Miller, Robert M. McIsaac, Louis C. Taylor, Beatrice Bulla, Anna M. Michener, Esther G. Tompkins. Doubleday, Page & Co., N. Y. 1923. 287 pp.

This book is a republication of articles that originally appeared in that excellent journal of commerce and finance, "Commerce Monthly," issued by the National Bank of Commerce, N. Y., with some additional material. The subjects covered represent the ten great commodities that occupy an important place in American economic life and in the international trade of the world. The articles are all interestingly written and supplied with numerous tables giving figures for leading countries by years. The last year covered is for most commodities 1921. The revival of business activity in the U. S. and the recovery of production of France and some other European countries changes the story for some

## THE CREDIT MONTHLY

of the commodities considerably. It is necessary, therefore, to supplement the figures on production by those that have just appeared in the February, 1923, issue of the Federal Reserve Bulletin and those that appear from month to month in the same Bulletin and in the statistical summaries of the Department of Commerce. No book, of course, can remain up-to-date if it is dealing with figures of production of the war and post-war years; therefore pointing out the necessity of supplementing the book by up-to-date material is no criticism of these excellent studies. The book is a valuable addition to the library of any student of business, economics, economic imperialism and world affairs generally.

## A Big Little Book

THE WORLD ALMANAC AND BOOK OF FACTS for 1923. Ed. by Robert Hunt Lyman. 28th year of publication. Press Pub. Co. (The N. Y. World), N. Y. 1923. 888 pp.

More complete than ever before, this compact and inexpensive book of reference contains much material of value to every business man. There are an 8-page financial and economic review, summaries of important laws, the Tariff Act of 1922, documents relating to the major problems of the world, and a vast amount of information such as the number of automobiles in use in the various states, lists of Senators and Congressmen, U. S. Budget for 1923 and 1924, etc., etc.

## Power Through Repose

POWER THROUGH REPOSE. Annie Parsons Call. New edition with additions. Little Brown & Co., Boston. 1922. 202 pp.

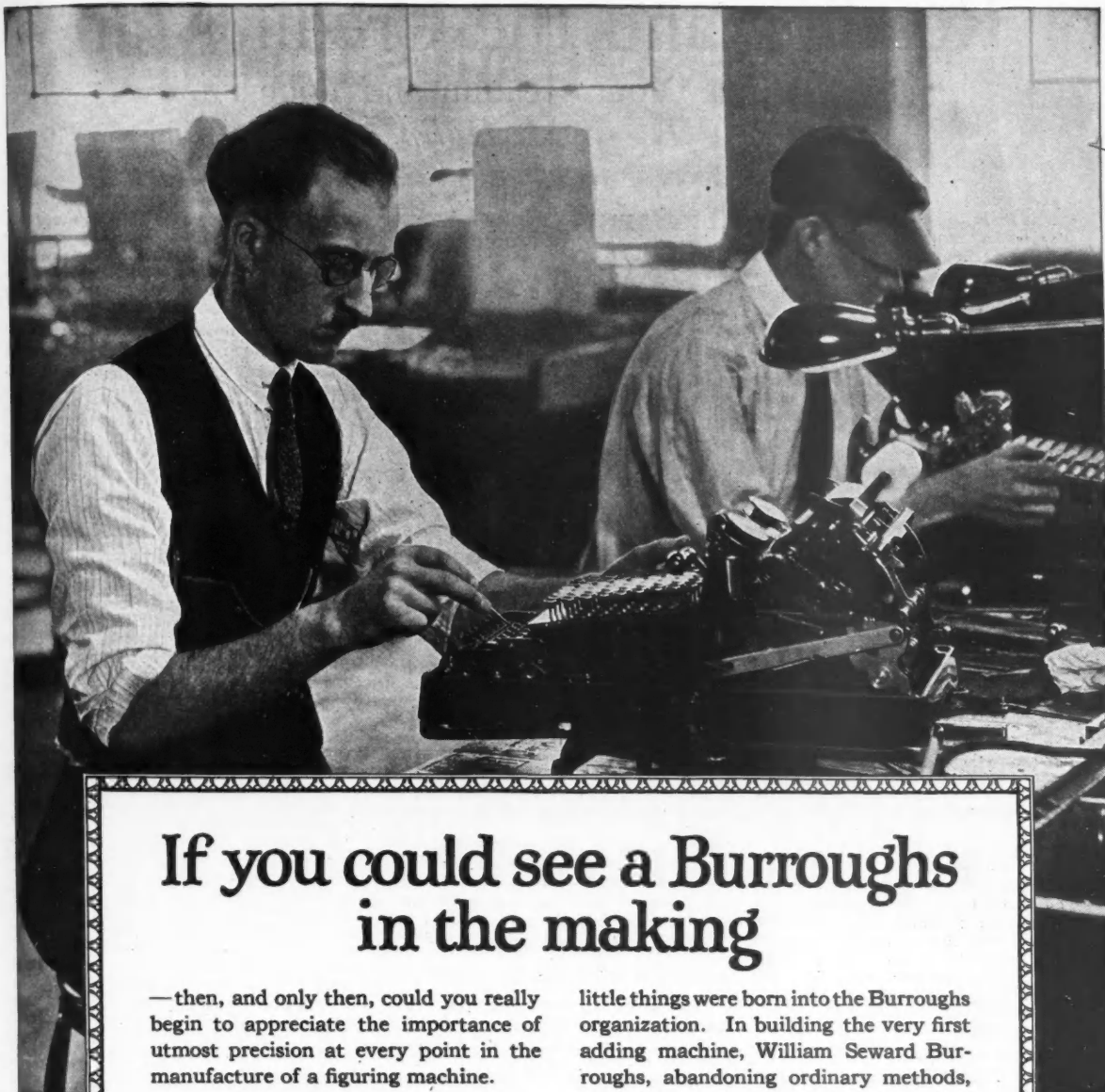
The author declares that the nerves cannot be perfect conductors of impression and expression "while the body wants either proper nourishment, exercise, perfect rest or true economy of force in running the human machine." She teaches a way to courage, quiet efficiency, unselfishness and above all an accumulation of power through physical and mental relaxation.

The sanity and clearness of the book explain why, first published in 1891, it is still current.

## How to Avoid Nervousness

JUST NERVES. Austen Fox Riggs, M. D. Houghton Mifflin Co., Boston and N. Y. 1922. 88 pp.

Written as clearly as if it were the work of a skilled writer rather than of a celebrated nerve specialist, this little book gives convincing advice on what is sometimes called the typical American disease, "nervousness." Dr. Riggs says: (1) Neither run away from emotions nor yet fight them; (2) be efficient in what you do; (3) do one thing at a time and thus practice concentration; (4) make clean-cut practical decisions; (5) do not accept hurry as a necessary part of modern life; (6) avoid worry, which is a complete circle of inefficient thought whirling about the pivot of fear; (7) keep work, play, rest and exercise in their proper relative proportions year by year, month by month and day by day, and keep these items separate; (8) shun the New England conscience which is a form of egotism which makes a mortal issue of every trivial thought or feeling; (9) do not waste energy by getting ready to do something, but just do it; (10) avoid breaks in character between your ideals and your every day actions, and recognize that your problem is fundamentally the same as every one else's, no matter what your particular job may be.



## If you could see a Burroughs in the making

—then, and only then, could you really begin to appreciate the importance of utmost precision at every point in the manufacture of a figuring machine.

Even with equally good design and materials, there are still literally hundreds of ways in which one figuring machine can be better than another, for there are hundreds of parts to be made and fitted together, hundreds of operations in which more care and skill may be used in one case than in the other.

Precision, exactness, painstaking care with

little things were born into the Burroughs organization. In building the very first adding machine, William Seward Burroughs, abandoning ordinary methods, made his drawings on metal plates which could not shrink or stretch the fraction of a hair, drawing his lines and striking his centers under a microscope.

Precision in manufacture is one of the principal things that makes a Burroughs a Burroughs. For only with unfailing accuracy in building is it possible to achieve unfailing accuracy in results.

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# Burroughs

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# Reading and the Credit Man

## Systematize Your Reading and Your Time

By R. M. Dulin

The Gates Rubber Co., Denver, Col.

**T**RYING to succeed in business without much reading or studying is like trying to build a house without hammer or saw. A man is like a carpet tack—he can go no farther than his head will let him.

Someone has said that if a man knew everything about any one thing he would have a complete knowledge of everything about all things. This, of course, simply illustrates the co-relation of all knowledge and teaches us the lesson that to entirely know our job, whatever it may be, we have to prepare to cover all the possible fields of knowledge that may be available to us, time and other restrictions considered.

Not so very many years ago it was not considered that business and psychology had very much in common. As a matter of fact, the practical man very openly sneered at the dilettantism of anyone who tried to mix "book learning" with the hard, cold merciless practice of business. Today, this is, of course, changed. In business as in war there have entered factors that were not conceived of a generation ago.

In the World War doctors, lawyers, ministers, singers, dancers, vaudeville stars, foresters, junk men and college professors were necessary to the fighting force.

So in business the chemist, the psychologist, the statistician, the student, and the artist have become regularly accepted as essential.

The change in the point of view and the advance in the progress of civilization that have brought all this about have not passed by the desk of the credit man. If his work is to keep up with the rest of the procession he must know the trend of the times and be familiar with the demands not only of today, but of tomorrow.

### How Reading Helps the Credit Man

The credit man of today is, of course, a specialist and, as the surgeon must have a well-founded ground work in the knowledge of general medicine before he can become the specialist, so must the credit man have a knowledge of business before he can properly function as a credit man.

The business man of today doesn't just grow as Topsy did. He evolves, through his knowledge of fundamentals that can be more or less definitely known.

That this knowledge comes from experience cannot be denied but neither can it be held that it does not come from the experience of others transmitted through the printed word.

There can be no door of knowledge which excludes the possibility of its being used in the daily work of the business man.

### What Should the Credit Man Read

The study of Economics seems always to be the starting point in any systematic reading for business knowledge. Adam Smith, John Stuart Mill, Karl Marx, Richard Ely are names to be remembered. The Classic History of Lom-



R. M. DULIN

bard Street and the present day studies of speculation and stories of the ways of Wall Street are helpful and interesting to the credit man.

The progress of agriculture and its contribution to the wealth of the world is essential. The problem of the farmer in getting more blades of grass to grow is a matter of vital importance to every credit man.

The sound of the words, "Government Reports," gives us a chill, but they are not as cold and bleak as they sound—sometimes.

The story of the progress made in irrigation—even as far back as the time of ancient Egypt—is not without interest and value even to the credit man.

The commercial geography of at least a man's own immediate territory tells many an interesting story and provides a basis for many a canny decision that would be impossible without it.

The roads, the rivers, the mountains, the coal deposits, the mines of precious metals, the soil, the rainfall and other physical elements of the territory form an almost necessary part of the credit man's knowledge.

A speaking acquaintance with racial characteristics and the history of the more prominent nations is a pertinent source of usefulness and interest.

### Psychology and the Credit Man

Psychology, especially in its laboratory application which has arisen to especial prominence during the last two decades, has become the tool and help of the business man and more especially of the credit man.

The club of the law or the fear of the big stick in the hands of the husky collector has given way to the more subtle methods brought out of the secluded cloister of the psychologist.

Instead of demanding his money or his life we persuade with the lure of appeals to his pride, sensitiveness, selfishness, acquisitiveness, fear, jealousy, curiosity, reputation, success, power, profit, ambition, friendship, criticism, vanity, praise, blame, ideals, thrift, caution, greed, superstition, sociability, saving good-will, opportunity.

Today, the best study of "mankind is man" just as much as in the days of

Pope, who is responsible for the quotation. Anything that we may know of our own instincts and of our own reactions to ordinary stimuli will be helpful to us in understanding the other man.

### The Business Man and the Bible

The golden rule is being introduced into business more and more—slowly perhaps—but still there is clearly the tendency towards adopting it more and more. So the Bible is not to be forgotten in any scheme of reading for the business man.

Purely outside of the ethical lessons which are wonderfully worth while we can look to the Bible for many a practical lesson in human understanding and in beautiful phrasing of many a "practical idea."

In sociology, in religion, in philosophy, in anthropology, in any line of thought almost, we can find, if we look for it, an idea, a thought or a germ of a plan that may be adapted to the credit man in his every day business.

### Systematize Your Reading

This all sounds like a kind of hodge podge, catch-as-catch-can sort of receipt for take-all-that-you-can-and-grab-for-more kind of reading that is all right as far as it goes, but doesn't go very far.

However, it is not meant as any receipt at all but merely as a brief survey of what modern thought indicates to be applicable to the very day demands of business as it is practiced.

Most of our more mature general reading after leaving college or school must be more or less unsystematic because the strain of constant and exclusive application to a set or rigid program would for the average man be so much of a strain as to discourage the range and scope of his reading and would probably defeat the very end it sought by driving him away from any reading at all.

So that to attain the most complete efficiency in the long run we must read what is interesting to us—only striving insofar as we can to become interested in worth while reading and in extending the scope of our reading.

If a course of procedure is not natural to man because of his educated interest in books he must, if he wants to stimulate this part of his activity, plan some not too drastic and not too arduous scheme of reading, selecting one of the fundamental subjects which his natural tastes direct him to adopt. Perhaps it is economics maybe psychology, possibly history, chemistry, mathematics, or what not.

### Don't Neglect Fundamentals

The kind of reading and study so far considered goes back to fundamentals and many think too far back. However, by keeping to at least some extent in touch with some of the broad fundamental reading we keep a steady element in our other reading which will in a very short time indeed show results in the way of making our

(Continued on page 38)



# Foam from the Three C's

The circular letter probably derived its name from the shape of the waste-basket.

cCc

It is not improbable that Ford owners will elect Henry President—just for spite.

## THE STORY OF HORACE SPLIVENS

**H**ORACE SPLIVENS did not expect to inflict punishment on a defenseless adding machine all his life; no, Horace had ambition—he admitted this fact even to himself.

One memorable night while reading a copy of Slick Stories, he noticed an advertisement which implored young men to make the most of their opportunities and incidentally to double their salaries by cutting off the coupon and mailing it in. Be an automobile mechanic; be a locomotive engineer; be a credit man, urged the ad, big wages, little work and an hour for lunch.

Horace pondered: Automobile mechanic? No, he wouldn't be able to keep his finger nails clean. Locomotive engineer, here was his chance to see the world. But no, he took cold too easily, and besides cinders were bad for his hay fever. Credit man? Ah! that was more like it! Horace didn't know exactly what a credit man was, but somehow that word credit had a pleasant sound. Yes, he would be a credit man, a brave, bold credit man.

Horace Splivens had ambition—he admitted it even to himself. He sent in the coupon and found that for \$23.50 cash he could be a credit man. "What sacrifice could be too great and what obstacle too large," he thought, as he placidly regarded his remaining balance of \$3.79 after withdrawing the \$23.50. "I'm on the road to success, and nothing else matters."

Horace burned the midnight oil, and at last the mailman brought him a real, sheepskin diploma, with a red seal and everything. Hurrah! Horace had received a mark of 102 percent, the extra two percent being for neatness. At last, he was a credit man, the whole \$23.50 worth, cash in advance.

Diploma under arm, Horace started out for a job, and to his surprise, employers didn't fight to take him on. As a matter of fact, it was several weeks before he found an opening, which he admitted to himself was not a very wide one; but as may have already been inferred, Horace had ambition. He learned quickly, he soon found out that all is not gold that glitters, neither is all sold that flitters—out of the shipping room. Alas, the correspondence school had neglected to mention that there is a class of people in the world which makes the "Watch your hat and coat" signs necessary. Crudely speaking, Horace was stuck by commercial crooks and as one might say colloquially, was fired.

Horace Splivens had little else, but he still had his ambition—he admitted this even to himself. One day while meditating on a park bench, at his own expense, he suddenly inhaled the germ of a great idea. "Has my education been for naught, have my savings been squandered?" Horace asked his inner self. "I'll say they haven't," his inner self replied; "If you're a credit man you ought to make your living out of credit."

And Horace did! He rented a store—on credit. He had letter-heads printed—on credit. He ordered great quantities of merchandise—on credit. And then, in a motor truck he had bought—on credit, driven by gasoline he had acquired—on credit, he drove away to see America first—neglecting to leave a forwarding address.

Horace is now one of the best broom-makers in Atlanta, although he still considers himself a credit man, despite the fact that the Government has persuaded him to make brooms temporarily.

Withal, he doggedly retains his ambition. He can only admit this to himself, for under the corner of his cot, Horace has hidden a piece of hack-saw blade; the bars of the window in his room are thick; but remember—Horace has ambition.

So some day, gentle reader, you, too, may receive an order on a nice new letter-head and then you will find out that the \$23.50 cash payment has been the only blot upon the perfect credit record of one Horace Splivens.

B. B. T.

## A Bad Collection Letter

**Memphis.**—In an article in the Memphis association bulletin on "Credit Work and Credit Letters" by Harvey B. Myer, LaSalle Extension University, the following letter is given as an example of how not to write a collection letter:

We have been making certain investigations since receiving your order, and we are still holding it in our files, as before making shipment it will be necessary for us to have information from you in the way of a financial statement setting

forth specifically your assets and liabilities.

We trust you will take no personal exception to this request of ours, as we have made it solely in your interest.

Thanking you for an immediate and we hope a favorable reply, we are,

Very truly yours,

Mr. Myer shows in his article the same letter can be written without offense by a correspondent "who has a sensitive concern for the mind of the reader through which the letter must pass."



## Are You Using Your Floor Space to the Best Advantage?

Floor space is valuable. Are you getting full returns for the amount yours costs you? Globe-Wernicke Counter Height Filing Cabinets will enable you to economize on space and at the same time have a most efficient filing system.

Counter Heights being of uniform height and depth are often used instead of a fence to form a reception room or to separate various departments in an office. Each one is a complete unit in itself and has its own sized linoleum top. Obtainable with any filing device desired.

Write for Descriptive Booklet Illustrating Uses. "Globe-Wernicke Counter Height Filing Cabinets."

The Globe-Wernicke Co.

DEPT. C.M.84 CINCINNATI

Detroit Chicago Boston  
St. Louis Cleveland  
New York Washington  
Philadelphia New Orleans

**Globe-Wernicke**  
BUILT TO ENDURE

### Declaration of Independence

A facsimile copy of the Declaration of Independence has been issued by the John Hancock Mutual Life Insurance Company.

This reproduction is a composite reduced facsimile, one-quarter size, taken from a facsimile reproduction of the original Declaration of Independence made by W. I. Stone in 1823, under the direction of John Quincy Adams, then Secretary of State. The original engrossed Declaration is in the custody of the Librarian of Congress at Washington. The John Hancock Company will send this copy of the Declaration free for framing.

*John Hancock*  
LIFE INSURANCE COMPANY  
OF BOSTON, MASSACHUSETTS

Sixty-one Years in Business. Largest  
Fiduciary Institution in New England

### Bankruptcy Law Amendments

By Chairman J. L. Medler

Bankruptcy Law Executive Committee  
National Association of Credit Men

AT the Indianapolis convention of the National Association of Credit Men last June the Association bills introduced into the Senate and House of Representatives amending the National Bankruptcy Act were explained. The mere presentation of the bills did not end the work of the committee. It is not enough in itself to interest a member of the Senate in a proposed measure. The committee to which the question is referred must be convinced that the proposed legislation is of sufficient importance to the American people to become law.

The office of the National Association of Credit Men at Washington has had a very active man looking after credit interests in the person of R. P. Shealey, secretary of the Washington Association of Credit Men. He has interviewed Senators and Representatives, has consulted with the Attorney General's Office, and has reconciled ideas, until the result was the approval of the bill by the Senate. He had a worthy co-worker in R. A. B. Cook of Boston. Mr. Cook must have been imbued with the spirit of the Minute Men, for he was always ready during the year to take the next train for Washington in the interests of the amendments. Such progress as was made is due to the efforts of these men.

When the Association bill was first presented it included a change in the fees to be paid to Referees. This proposal raised a storm of protest which delayed progress on the amendments for some time.

If a Senator wants to be in the good graces of his constituents, it is easier to do just what they want than to convince them of a movement that may be worth while for the general good. Consequently our amendment concerning Referees died a slow death. This had the effect of delaying the passage of the other parts of the bill.

Finally there was a compromise. Then the Attorney General's Office came in with its amendments to increase the authority of that office in investigating the affairs of bankrupt estates. This sible hope of action lay in having the

suggestion met with further opposition that could not be overcome. Another compromise was arranged, which resulted in the bill as finally accepted by the Senate.

The end of the Congressional Session was so near when the Senate action was taken that it became a race to have the amendments reported out of the Committee in the House before Congress was adjourned on March 4.

The Senate Bill was passed on February 19. The House Judiciary Committee met for the last time on February 20. The Senate Bill had not been reported to the House in the meantime.

Our Committee was in Washington on February 23,—the holiday intervening,—and we received more than courteous attention from Chairman Volstead and the members of the Committee whom we interviewed.

All agreed to help if the bill should get out of committee; but there was unanimous opinion that there would not be time or opportunity to report the bill on the floor of the House as the rush of other bills would crowd out not only our measure but other important legislation.

Our House Bill No. 10,315 contained other amendments than those contained in the Senate Bill; but as the only possible hope of action lay in having the

House take the bill as passed by the Senate, we were willing to make the best of a bad situation and take what we could get rather than sacrifice all.

Time was against us because there was not an opportunity to get the Judiciary Committee together again in time to have another hearing. Our bill, therefore, was laid aside until the next session of Congress.

It is quite evident that there is an increased interest in our work. It is also evident that the National Association of Credit Men is better known and respected in Washington for its endeavors to enact this legislation in the interests of better business; and I believe that the next time the amendments come up for consideration there will be prompt action, for we will know what not to ask for under present conditions, and the representatives will have a better knowledge of our service for the common good.

The willingness with which credit men all over the country offered their services at all times throughout the year is a wonderful exhibition of loyalty and shows a wide spread interest in the work of the Association.

We are clearing the decks for renewed action and feel reasonably sure of the success that we have been looking for.

# WANTED 1000 CREDIT MEN BE A SALESMAN

OUTSIDE WORK  
JOIN A LIVE CREW  
MAKE NEW FRIENDS  
AND  
MAKE AMERICA

## SAFE FOR CREDITS

SELL YOUR ASSOCIATION TO

2000 Members Before June 1st

Write for Copy of "The Need of the Nation"

E. G. BRIC

Membership Department Manager

National Association of Credit Men

41 Park Row, New York, N. Y.

## Credit Trade Groups

By Varius Sands

TESTIMONY as to the value of credit men's grouping by trades was printed in October and February in the CREDIT MONTHLY, where several trade group chairmen of the Chicago Credit Men's Association described the work of their groups.

Following are further brief reports from the chairmen of groups in Chicago, which is one of the commercial centers in which this principle has been put into effect:

### PRINTERS AND STATIONERS

By Group Chairman P. F. Pettibone & Co.

The days of cut-throat competition are past and The National Association of Credit Men has been the biggest factor to accomplish this.

This Association has grown to such an extent that through its many departments, no matter what comes up in the credit world, it is there to meet the needs that are required to better conditions for the present day and age.

In the large centers where there is a great volume of manufacturing and mercantile business, the local associations have found that they can be of great help to their members through organization of Trade Divisions in which representatives of different lines selling the same class of customers can get together and take up such matters as pertain to their trade; to carry on their business with the least amount of expense and danger of losses through their customers.

The Printers and Stationers Trade Division of the Chicago Association was formed but a few months ago with an attendance of six. In a short time it had grown to twenty-five. It is still growing. Items that have come up at the monthly meetings that have saved many dollars for members.

We have speakers who give their views regarding what should be done to keep the credit man's files up to date, and then have an open forum which has benefited those who attend meetings by adjusting their files for ready reference.

Every member receives a number to report by and each reports at least five delinquent accounts or brings up some accounts that he expects to open on a credit basis. We find that it is a great help to know what the other members are doing with them. In this way the crook is kept off the ledgers or is compelled to pay cash if he cannot prove himself eligible to credit.

### FURNITURE & HARDWARE

By Group Chairman F. J. Wright  
Heywood-Wakefield Co., Chicago.

Our division has responded nobly on attendance, even on the hot summer months; and we have discussed from 40 to 60 accounts at each meeting. In addition to the actual exchange of ledger experience, we have helped each other in studying the peculiarities and characteristics of our customers so that we are getting under their skin when we address them.

Our secretary commented one evening on the subject of attendance at women's clubs being nearly 100%, all members appearing for self protection. We have never resorted to talking about absent members as a means of increasing our attendance, because we have been all trying to do a man's size job in helping each other.

(Continued on page 35)

## More than a Century of Service



RALPH B. IVES, President

Fire	Sprinkler Leakage
Marine	Registered Mail
Automobile	Parcel Post
Tornado	Tourists' Baggage
Rent	Salesmen's Samples
Rental Value	Transit Floaters
Leasehold	Automobile Truck Transit
Use and Occupancy	Explosion
Profits	Riot and Civil Commotion

Losses Paid over  
\$223,000,000

AGENTS AT ALL IMPORTANT POINTS



# Credits and Speculation

With Some Remarks on the Chain Stores

By L. K. Frank

New York

**I**N a discussion, in the December, 1922, issue of the CREDIT MONTHLY, I suggested that the granting of commercial credits might be considered as a form of short-term investment and that something other than book solvency and a good record of prompt payment should be considered when making such investments.

It may not be amiss to pursue this topic further by considering the occasion or use for much of these short-term investments in times of expanding business activity. In revival and especially in prosperity, sales of most producers and distributors are growing; and, since these sales are made upon the usual credit terms, accounts receivable expand. The percentage of past due accounts may be very low and decreasing throughout the entire period of expansion. But suddenly there comes a day when the volume of sales or orders falls off and a goodly proportion of accounts receivable fall due and cannot be collected. What is then the situation?

So long as prices were rising, buyers could not get enough goods. Sales grew about as rapidly as prices rose; but when the rise of prices was halted, everyone found himself with more goods than he could use or sell. In other words, a large part of the sales increase is attributed to speculation by distributors, who, it should be noted, merely follow the example of producers. When these speculative stocks depreciate in money value with the fall of prices and become immovable stocks, or when purchases decline, then the question may be asked whether the increase

of sales has benefited a business or merely entangled it in an embarrassing financial position.

## SPECULATION AS A SHORT-TERM INVESTMENT

To recur to the view of commercial credits as short-term investments, the increase of sales to speculators (speculators even though they be legitimate merchants) has been the medium through which the seller has sunk a goodly portion of his working capital in a short-term investment of doubtful value. The willingness or eagerness of the buyer to load up on high price stocks has meant large sales but a poor investment. The pertinent question is whether the net gain to the seller is worth the risk involved. Credits tied up in accounts receivable for goods sold to speculative buyers is a form of "frozen loans" as much as credits loaned directly by the banks to buyers of high price commodities which cannot be sold.

A portion of these short-term investments must be written off as clear loss and the balance awaits a slow collection or the high price goods are gradually sold to a public that has contracted its purchasing. But this is not the whole story. The presence of those large high price stocks means that for sometime to come the buyers will be out of the market for new goods. Therefore these short term investments in speculative stocks are worse than doubtful—they actually threaten the future prosperity of the investor.

Now what can be done about it? Every seller will reply that if his cus-

tomers insist upon over buying he must either sell to them or lose their business. This is in large part true. But it may be asked, how far is the over buying encouraged and stimulated by the seller himself in his efforts to increase sales? And if the seller does not directly encourage over buying, how far does he do it by penalizing the more conservative, smaller-ordering customer?

By way of contrast, suppose a producer or wholesaler considered his customers not as buyers of his goods but as the distributing end of his business in which he was willing to make a certain investment. The accounts receivable then would represent, not the asset side of sales, but rather one portion of his inventory of finished goods, the other portion being in his own store rooms. Now obviously as the price (or cost) of goods rose, it would be the part of good management to carry on the business with the least amount of working capital possible. Any increase in the inventory of goods in the distributing end of the business would mean that more working capital was being tied up, which is the situation when sales increase and accounts receivable grow.

## INCREASING TURNOVER BETTER THAN NEW SALES

If every seller were engaged in running his distributive end on the smallest possible working capital, he would not permit any large accumulation of high price goods on the shelves of the distributors. An increase in turnover by keeping down inventories or stocks is just as profitable as by drumming up sales, and less expensive.

When the break in prices comes—and it always does come, although eight out of ten merchants are unaware of its inevitability—instead of a large inventory, (represented by accounts receivable for goods on the shelves of distributors,) the producer or wholesaler we have imagined in this case would realize little loss on his inventories (or accounts receivable) and moreover would keep on selling, because retail purchasing may decline somewhat but relatively little.

It is frequently said that the business man with courage and foresight is always a pioneer and profits accordingly by his pioneering. The history of the outstanding successes in business all point to the same thing. Carnegie, Rockefeller, Woolworth and their like had the courage to go ahead of the others by doing something new but yet essentially sound. All evidence points to the fact that the man who will give us the current of his sales is all he need trouble about, regardless of what happens to the buyer, he is the man who will out distance all others.

If every credit man of the National Association of Credit Men were to consider sales and credits as subsidiary to

— ALWAYS insist on a SPRINGFIELD policy—IT PAYS! —

**Get the MOST out of  
your insurance agent**

Do you regard him merely as the "payee" when premiums come due? Or are you availing yourself of his expert advice on construction problems,—fire prevention, sanitation, etc.?

His counsel is worth money to you. And it may be had for the asking. GET it!

**SPRINGFIELD Fire & Marine  
Insurance Co., of Springfield, Mass.**

Look up the "Springfield" Agent in YOUR town

(Continued on page 38)

## Credit Trade Groups

(Continued from page 33)

We have all benefited by our meetings each month and enjoy the good fellowship expressed and implied.

### DRY GOODS ETC.

*By Group Chairman Edward A. Knapp*  
As chairman of the Dry Goods and General Merchandise Division of the Chicago association I can say that all of the members of this division who have been attending our regular bi-monthly meetings have enthused over the success of these meetings and over the fact that they have been able to get so much direct information regarding accounts in whom they are especially interested.

They also seem to feel that while this in itself is of sufficient importance to make these meetings a success, there are numerous other advantages which can be derived from these Trade Division meetings and other plans which might be developed later which will bring about co-operation among the members of the division in different matters of importance to them.

I believe that, although this idea is practically a new one, we have not yet begun to get all of the benefits that can be had out of these division meetings. I am sure that as time goes on our meetings will be even more largely attended than they have been. I think that if the other associations will work out plans similar to the ones which we are using here in Chicago that they will soon learn of the great advantages to be had from these Trade Division

### MILL & RAILWAY SUPPLY

*By Group Chairman Joseph L. Bottorf*  
The principal advantage derived from the Mill, Machinist & Railway Supply Division is the direct information exchanged at the meetings by members dealing with the same account. The discussion of an account helps the credit man to determine the credit limit, terms, etc. to which a customer is entitled. It also helps him in proceeding with the collection of a past due account.

There is a co-operative spirit among the members to guard against the undesirable accounts, and the benefits derived from these meetings seem to increase from month to month.

### WOMEN'S WEAR

*By Group Chairman J. E. Ehrlich*  
Although the Women's Wear group division is one of the newest of the lot and has been operating a short space of time, I can conscientiously say that it has proven itself to be about as perfect a medium for the interchange of credit information as has ever come under my observation; and I have every reason to believe that the ultimate results and accomplishments will be more than satisfactory to every individual member.

We have worked under a handicap during the summer months because of the absence of a larger number of members but I look forward to a far better result during the Fall and Winter months and there is no question in my mind whatsoever that with the added zest and interest manifested by every member after each meeting, ours will prove to be one of the most successful divisions in the association.

## Caution

Caution is care. It does not hinder, nor does it cause loss of time. It watches, it sees, it commands. Its one purpose is to lead the ship of business to success. It is common sense on the navigating bridge.

Business leaders recognize the present as a time of promise. But they preach CAUTION. Their advice is to resist temptations to heed boom talk; to seek sure profits and not to speculate; move solidly, rather than swiftly; to be vigilant.

Business vigilance is impossible without facts and figures—complete, up-to-the-minute and dependable. Out-of-date figures, incomplete facts! They are the dead eyes of blind business. They are dangerous.

Sound methods of Cost Accounting are the one source of reliable facts and figures—the vigilant eyes of CAUTION on the navigating bridge.

## ERNST & ERNST

AUDITS — SYSTEMS  
TAX SERVICE

NEW YORK	CHICAGO	CLEVELAND	INDIANAPOLIS	NEW ORLEANS
PHILADELPHIA	MINNEAPOLIS	BUFFALO	TOLEDO	DALLAS
BOSTON	ST. PAUL	PITTSBURGH	ATLANTA	FORT WORTH
PROVIDENCE	ST. LOUIS	DETROIT	RICHMOND	HOUSTON
WASHINGTON	KANSAS CITY	CINCINNATI	BALTIMORE	DENVER

## Tribute to the Credit Man Indicating His Troubles

The bulletin of the Philadelphia association reprints the following anonymous tribute to the credit man:

If he refuses an account, he's crazy—  
If he accepts it, he's easy—  
If he asks questions, he's suspicious—  
If he doesn't, he's a trusting soul—  
If he makes you pay, he's unfeeling—

If he lets it run, he's careless—  
If his percentage of loss is high, he's no good—

If it is low, he won't take a chance—  
If he raises a kick, he's a crab—  
If he keeps still, he doesn't know he's alive—

If he wants to increase departmental expense, it's absolutely unnecessary—  
If he stays in the old rut, some young hot-air artist gets his job—

There are born salesmen, born financiers, born buyers, but who in Kingdom Come ever heard of a born credit man.

# Credits Under a Yard Stick

## One Method For Measuring Results

By *Howard S. Hopkins*

The Congdon & Carpenter Co., Providence, R. I.

### Sound Business Builders

IN every study of the causes of commercial failures, we find not far from the top of the list—ignorance of costs. Another cause cited with equal frequency is, absence of reasonable books of account.

To help credit men become builders of better business, the National Association of Credit Men, through one of its committees, has issued a guide for opening a set of books, so simple that even the man untrained in bookkeeping, following it through, will find himself in possession of a sufficient set of books. Many thousands of copies of the pamphlet,—called "A Business Enterprise,"—have been distributed by credit men to their customers.

The writer of the article herewith is chairman of a committee which hopes to do a similar service in cost study. The article is an introduction to that study, out of which it is hoped to develop a guide in figuring costs which will be as helpful in sound business building as the bookkeeping guide has been.

#### THE EDITOR.

NO AMOUNT of discussion can determine the merits or demerits of a policy adopted in extending credits or making collections, yet the worth of an adopted policy is too often considered in a general way. Not enough effort has been given by credit men to the working out of definite measures against which intelligent comparisons may be made in the various operations of their department. If accurate standards of measurement can be discovered, experimentation by

credit men will make possible definite conclusions instead of general guesses. The thought here is to develop a method of measuring the effectiveness of the credit department's work in the hope that it will at least start a discussion and bring about an exchange of views.

The effectiveness of a credit policy is to be determined only after considering a variety of elements. It is a simple matter for a credit man to make a reputation for getting prompt payment for his goods by refusing credit to every applicant whose past record indicates that there is a risk in selling him. The adoption of such a policy, however, will result in cutting down the volume of sales to such an extent that the credit man's value as a money maker is surrounded with considerable doubt. The number of unaccepted applications for credit and the amount of the orders rejected for credit reasons each month, must be taken into consideration in estimating the value of the credit department to the business in dollars.

The figures presented in the table on the next page are not actual, but the trend is the same as has been presented in actual cases.

The first line of the tabulation shows that on March 1, 1921, there were 294 customers whose accounts were overdue, with a total amount due from them of \$27,935.18 which was, as column 4 shows, 17.15 per cent. of all of the accounts receivable on March 1st. Column 5 gives the amount, in dollars and cents, of additions made during the month to the overdue accounts that existed at the first of the month. The total of accounts which were overdue

the first of the month and which became overdue in the course of the month, as shown by Column 6, is \$29,942.30. Of this last amount, Column 8 shows that \$14,068.30 was collected during March, which was 46.98 per cent. of the total amount of accounts that had become overdue during the month plus those that were overdue the first of the month.

The above series of figures, taken by itself, signifies but little, but when similar figures are collected for each month, the comparisons which may be made and the conclusions to be drawn become exceedingly valuable.

Each of the columns has its own significance but there is a general relationship between them and the volume of sales and the condition of credit throughout the country which is interesting to follow. For example: Column 2, which gives the number of accounts that were overdue on the first of the month, shows that on March first, there were but 294 customers behind in their payments. This number, with a certain slight variation, shows a general increase up to April 1, 1922. On March 1, 1921, a great number of the larger accounts which had accumulated during the boom period (which ended in the previous November) had not been collected, so that the average of these overdue accounts was much higher than at a later period.

The amount of money which was overdue (Column 3) also shows a general trend downwards during the period covered in this table. There are certain variations, to be sure, but generally speaking there has been a reduction and where there has been no reduction the cause has been ascertained and corrective measures applied. Column 4 shows the percentage of the amount which was overdue to the total of all accounts receivable, which has varied to a great extent, but not to such a great extent as have the other columns. The general trend is downward, due to the fact that the amount in dollars and cents of overdue accounts has been greatly reduced and also to the fact that the sales have been reduced almost uniformly during the period. There are exceptions, however.

The sales in September were lower than usual, but in October they increased considerably. The result was to increase the figure on which this percentage was based, reducing the percentage of overdue accounts from 17.44 on the first of September to 16.39 on the first of October. October and November sales were large on account of the holiday trade, and that fact kept the percentages in their column down for November and December. However, collections were not made on October sales until after they had become overdue. In January there was a very large amount of money outstanding overdue and the percentage of the amount overdue to all outstanding accounts was large.

## NATIONAL LIBERTY

Insurance Company of America

Incorporated 1859

### 64th Annual Statement

January 1st, 1923

M. J. Averbeck, Chairman of the Board

Charles H. Coates, President

#### ASSETS

U. S. Government and Liberty Loan Bonds	Market Value	\$3,756,797.00
State, County, Municipal and Provincial Bonds	Dec. 31, 1922	221,902.55
Railroad and other Bonds and Stocks		4,554,311.76
Loans on Bond and Mortgage		1,345,500.00
Cash on Hand and in Banks		790,277.90
Other Admitted Assets		1,435,845.27

TOTAL ASSETS

\$12,104,634.48

#### LIABILITIES

Capital	\$1,500,000.00
Premium Reserve	6,288,022.89
Reserve for Losses	949,826.15
Reserve for Taxes and all other Liabilities	386,138.59
Total Liabilities including Capital	\$9,123,987.63

NET SURPLUS

\$2,980,646.85

SURPLUS TO POLICY HOLDERS

\$12,104,634.48

\$4,480,646.85

\* Items marked (\*) would be increased by \$31,653.19 if securities were listed at Insurance Department valuations.

Head Office, 709 SIXTH AVENUE, NEW YORK

Western Department, 207 NORTH MICHIGAN BLVD., CHICAGO



The main purpose of the additions, shown in Column 5, is to arrive at a total (Column 6) of all of the accounts which were overdue at the beginning of the month and which became overdue in the course of the month. This figure is used as a basis for obtaining a percentage of overdue accounts which were collected during the month (Column 8). The more effective the methods of collection, the larger is this percentage, and a decrease in this percentage is an indication of the necessity for doing something to the overdue accounts. The percentage for August declined almost 10 points. Vacations in the credit department during that month were responsible for this result. The percentage also declined during November, due to the fact that collections were poor at the time retailers were busy selling to customers. The decline in this percentage is reflected in the volume of accounts overdue on the first of the following month. For example, the percentage of collection in August had declined, which raised the percentage of accounts overdue at the beginning of September. In November the percentage of collections also declined which resulted in an unusually large amount of money overdue at the beginning of December, increasing the percentage of the accounts overdue from the November percentage. The percentage of accounts overdue at January first exceeded all the other months in the period, due to large sales in October and November on a 30-day basis for which collections had not been made.

#### SOME CONCLUSIONS FROM STUDY OF TABLE

The marked increase in percentages shown in Column 8 for the last few months of the period are believed to be due to the large amount of cash that was in the hands of all merchants, manufacturers and banks throughout the country during those months. At that time prices on all the stock exchanges increased, prices of Liberty Bonds went up and the interest rate on commercial paper and call money went down. The volume of commercial paper rediscounted in Federal Reserve Banks greatly decreased and there were many other indications of an ease in the money market. Business firms had large bank balances which they were seeking to place at advantageous rates and such rates were not to be had. Undoubtedly a large part of this excess money was used to pay off obligations.

## Guaranties of Security



THE research establishment of the American Telephone and Telegraph Company is one of the most extensive in the world. Its work results in economies, increased efficiency and new developments.

The stock of the company is that of a nation-wide system, highly diversified, dependent on no one company or section of the nation. It is the outgrowth of a service which is indispensable, and for which there is no substitute, and of a business which is relatively independent of prosperity or depression.

These things are guaranties of security and safety.

A.T. & T. pays 9% dividends on over \$700,000,000 of stock outstanding. Today the stock can be bought in the open market to yield approximately 7%. Full information sent on request.



## BELL TELEPHONE SECURITIES CO. Inc.

D.F. Houston, President  
195 Broadway NEW YORK

Table from Which to Measure Credit Trends and Results of Credit and Collection Policies.

1	2	3	4	5	6	7	8
Year	Accounts Overdue First of Month			Additions	Total	Collections During Month	Per Cent of Collections to Total Overdue
	Amount	Number	Per Cent of All Accounts				
Mar. 1, '21	294	\$27,935.18	17.15	\$2,007.12	\$29,942.30	\$14,068.30	46.98
Apr. 1	285	31,972.15	18.57	3,882.40	35,854.55	17,011.03	47.44
May 1	301	30,691.88	18.25	2,431.26	33,123.14	16,855.41	50.88
June 1	300	26,595.15	17.64	1,701.27	28,296.42	13,719.72	48.48
July 1	288	25,805.76	17.42		25,805.76	14,233.	55.15
Aug. 1	309	24,349.18	16.87	1,570.75	25,919.93	11,730.48	45.25
Sept. 1	291	25,433.64	17.44	1,751.59	27,185.23	15,428.96	56.75
Oct. 1	300	22,988.51	16.39	4,376.94	27,365.45	17,632.64	64.43
Nov. 1	337	17,674.69	12.37	5,291.48	22,966.17	12,925.64	56.28
Dec. 1	363	19,653.69	13.51	2,124.47	21,778.16	15,088.87	69.28
Jan. 1, '22	443	28,072.84	19.20	1,259.04	29,331.88	20,345.71	69.36
Feb. 1	394	23,178.32	18.10	1,847.05	25,025.37	17,290.28	69.09
Mar. 1	418	19,058.75	15.77	1,248.72	20,307.47	15,145.17	74.57
Apr. 1	361	14,822.22	12.44	1,289.10	16,111.32	11,347.31	70.43

Some of the increase in percentage in Column 8 may have been due to new methods of collection, but undoubtedly the greater part of it was due to the prevailing credit conditions.

The percentages revealed by this table depend upon the selection of the figures that are to go in Columns 2, 3, and 5. The policy to be pursued by a corporation in deciding whether an account is overdue or not overdue should be established before such tables as this is compiled, and when once established the policy should be followed month after month, without variation. The rules adopted by one credit man for determining whether or not an account was overdue may differ materially from the rules established by another credit man, but so long as there is uniformity month after month, a helpful comparison can be made. It is not important that a uniform method be used by all companies unless an association of merchants wishes to publish a collective table for one industry or for one line of business.

## Inquiry Blank Adapted to Window Envelope

A NEW arrangement of the Standard Trade Inquiry Blank of the National Association of Credit Men has made possible its use in connection with the standard window envelope.

Every credit man should be familiar with this blank. It is bringing to credit departments a better class of information than form letters or blanks issued by individual concerns. Sample copies may be had by addressing the National Association of Credit Men, 41 Park Row, New York.

## A Little Card That Stimulates Collections

A CREDIT MAN who has been mailing to customers the discount card prepared by the National Association of Credit Men as a reminder of the advantage of taking discounts for cash, is securing much attention for the remarkable story that the card tells. One of his customers came back with a special word of appreciation. He had, a good many times, he said, figured over the discounts and the saving they offered, but never before had the figures come to him in a form so complete and in such a way that the customer could not but be convinced that he was missing something very real when he failed to take the discount.

These little discount cards are awakening the sleepers who have been neglecting their discounts not because they were not ready to discount but because they were just careless. Every credit man should see this card. Send for a sample.

National Association of Credit Men  
Publication Dept., 41 Park Row, N. Y.

## Before Employing a Collection Agency

**DON'T BE AN EASY MARK** for the beguiling collection agency. It is not a matter only of money paid in advance under all sort of guarantees; of turning over money on your accounts for which the agency becomes virtually trustee; but of your own good name being associated in the minds of even poor payers with a concern of low tone.

Remember that the financial responsibility of a collection agency is of the highest importance to a patron and should be carefully investigated. Before giving accounts to an agency to collect, insist that they be deposited in a separate trust account and under no circumstances be mingled with moneys that the agency may legitimately apply to meet its current expenses. Failure to observe this rule has been the primary cause of the downfall of almost every unsuccessful or dishonest agency.

Use the collection agency files of the National Association of Credit Men before placing your new accounts. The Association has laid much emphasis upon having the completest files on this subject. They are for the service and guidance of members.

National Association of  
Credit Men  
NEW YORK, N. Y.

## Reading and the Credit Man

(Continued from page 30)

other reading more and more interesting and resultful.

Of course, you are too busy to do much of this. Perhaps you are too busy to do any of it. Most men, however, who are too busy to read are ashamed to admit it.

### Systematize Your Time

Having no time is not a matter of busy-ness. It is a matter of organization and right here is where the system part of systematic reading comes in. It is in the systematizing of the time devoted to it rather than the systematizing of the kind of reading.

It is said that all the world's best literature can be read by devoting fifteen minutes a day to reading. This is literally true. There is no one who cannot do this.

Here is a record of a man's reading for one day tabulated to show how one man does it:

Waiting for breakfast	8 minutes
On street car to work	30 "
After lunch	30 "
On street car returning home	30 "
In evening at home	60 "
	153 minutes

Here is a total of 153 minutes or two hours and forty minutes. There is nothing exceptional about these reading habits.

### Technical Reading for the Credit Man

When we consider the value of technical reading for the credit man we are up against a hard proposition owing to the fact that there is little technical literature for the credit man unless we so consider the text books that are written to show how a credit department is organized and carried on in its more or less mechanical work.

Everything I have seen is so elementary, that it is of very little interest to the experienced man who is trying to meet the wide duties of his job in the best way.

Forms, systems, form letters and a list of sources of information are perhaps the necessary tools to the credit man but a consideration of them is of really minor importance in his activity.

Perhaps you will say that too much is expected of a book, and that the real fundamental things can be learned only by experience.

Yet, I cannot believe that this can be wholly true. I am convinced that the experience of others can be shown in a way to make it unnecessary expensively over and over again some mistakes which have been made time and time again by long series of travellers who have passed by the same way.

### Credit Literature Still Meagre

The credit man is largely without satisfactory helps and it is the crying need of the profession. The reason for this lack of good literature is due to the fact that the credit trained man is not ordinarily a talker nor a writer. His whole business education has taught him to be conservative even to reticence. Even after a thing is accomplished he has felt constrained not to talk about it very much.

## Credits and Speculations

(Continued from page 34)

the question of how efficiently they can run, with the retailers' help, the distributive end of their business, a revolution in business would result, for immediately that change of policy would react upon the conduct of their own business and of the businesses from which they buy. Someone, sooner or later, will do this; and when he does, the others will, as usual, follow along—but far in the rear.

### CHAIN STORES LIKE FEDERAL RESERVE

Several points about the credit policy of manufacturers and distributors who sell to retailers are worthy of consideration. One of the most interesting changes in business organization is to be found in the growth of chain stores. These are springing up apparently in all sections of the country and the number of new stores opened each month is astonishing.

It is customary to attribute the growing patronage of these chain stores to the lower prices which the cash-and-carry store can offer, as compared with its credit granting, delivering competitor. But it should be noted that the chain stores at these lower prices are not unprofitable and the reason is easily found.

The chain store is operated upon the same principle as the Federal Reserve System. Instead of each bank carrying a fairly high minimum reserve against demand liabilities, by pooling their resources in the Federal Reserve System each member bank need carry only a low minimum reserve and in time of need it can apply to the regional reserve bank for assistance.

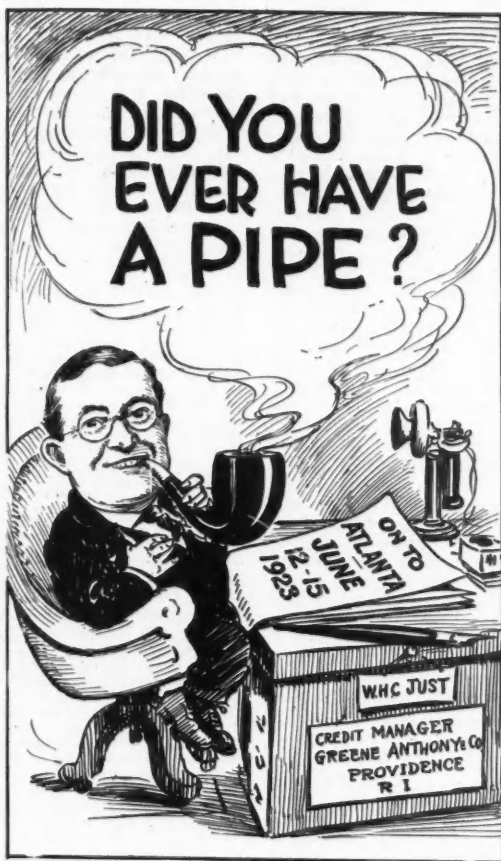
In much the same fashion, the individual chain store carries a bare minimum of stocks on its shelves and replenishes them as frequently as need be from a central stock or warehouse. The central stock is easily kept considerably below the aggregate stocks of a similar number of individual retail stores, which of course means that the business can be carried on with a smaller amount of working capital—or, putting the fact in another way, the turnover is more rapid.

The growth of chain stores is of concern to those who are engaged in supplying the individual storekeepers, since the competition of the chain store will reduce their business, if it has not already done so. In these circumstances, what of the sales and credit policy toward the individual retailer?

It appears to be the case that a retailer is expected to place fairly large orders when he does buy, if he is to receive a favorable price. The result of this policy is to reduce his rapidity of turnover; or, to put the same thing in another way, to force the retailer to employ a larger investment to do the same volume of business that is done by the chain store unit.

The question is a serious one, because as students of social economics are pointing out, the substitution of the chain store for unit operation will mean the elimination of a large portion of the middle class of proprietor who has done much to give the country a body of strong, conservative dependable citizens.

If the wholesale house as we now know it is also to survive it must adopt the policy of serving as reserve supply house for the retailers so that they may be in as favorable a position as are the members of the chain system.



THE above portrait, from life, shows a prominent member of the Providence Association of Credit Men just after having booked his passage to the annual convention of the National Association, Atlanta, June 12-15.

The picture embellishes a breezy and effective folder now being used by the Providence organization to stimulate attendance at the Convention.



Excerpts from  
Audit Bureau of Circulations  
Auditor's Report

Name of Publication, THE CREDIT MONTHLY  
Town, New York City State, N. Y.  
For the 6 months period ending June 30, 1922

Mail Subscribers	33,689
Net Sales through News-dealers	
<b>TOTAL NET PAID</b>	<b>33,689</b>
Total Unpaid	359
<b>TOTAL DISTRIBUTION</b>	<b>34,048</b>

A complete analysis, including all essential facts pertaining to the above circulation, is embodied in the detailed Audit Report issued by the Audit Bureau of Circulations. Copies may be had on application to the office of the above publication.

## From Credit Man to Orchardist

THE CREDIT MONTHLY is indebted to one of the former presidents of the Association, Chas. E. Meek for news of G. K. Smith who as representative of the Simonds Mfg. Co., at New Orleans was long president of the New Orleans association and a member of the board of directors of the National Association. Mr. Smith writes Mr. Meek of five happy years that he has been spending on his 196 acre farm a few miles out of Charlottesville, Virginia, developing his young orchard of 800 apple, peach, plum, cherry and pear trees. He tells too of his home blessed with all the conveniences of the city and of his live stock principally registered Jersey cows and though not a credit man in the old sense, he is as deeply interested as ever in the Association and is glad when a message from one of his old fellow members reaches him.



*The Efficiency Engineer says*

“Almost every executive has a Sengbusch Self-Closing Inkstand on his desk for its convenience. It ought to be on every desk all down the line for efficiency's sake—because it's air-tight and dust proof, yet flows with fresh ink at a light touch of the pen. No blots. No spatters. Saves time, trouble, temper and 75% in ink bills.”

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Prevention is better than cure. A scientific Urinalysis will tell more about your exact physical condition than any other single test.

This is because the kidneys are the blood filters.

Bright's disease and troubles of the digestive organs creep on your system like a thief in the night, and becomes chronic unless they are detected in time.

THE NATIONAL BUREAU OF ANALYSIS was founded fifteen years ago to give periodical Urinalysis as a means of HEALTH PROTECTION.

When you pay for Urinalysis as PROTECTION, see that you get the Service of experts. This is what the NATIONAL BUREAU OF ANALYSIS offers you at a minimum of trouble and a negligible cost. Our Service costs only \$15.00 per year.

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Our new brochure "THE SPAN OF LIFE," gives you interesting information on how to preserve your health and lengthen your life. Write for a copy. IT IS FREE.

National Bureau of  
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CHICAGO, ILL.



## Prompt Prosecution of Commercial Fraud

(Continued from page 15)

And the utmost celerity has been shown in trying these cases.

The most important of all cases prosecuted have been those where tradesmen have been able to secure goods and credit on the basis of false financial statements. This is a class of fraud that stands by itself, for it has succeeded throughout the country, by conspiracy on a large scale, of defrauding merchants out of many hundreds of thousands of dollars.

Other offences have been:

1. Secreting and concealing assets.
2. The passing of bad checks.
3. Misleading the public by the use of false trademarks.
4. The use of labels of manufacturers with intent to mislead and deceive the buyer.
5. Cases in which banks or discount concerns which finance merchants have been deceived by the merchandise having been previously pledged, or by the merchants not having bona fide accounts.
6. Misstatements in prospectuses issued by firms to induce the subscription to stock.
7. False entries in books of accounts.
8. Any fraud that has been practiced among tradesmen.

The policy pursued by Mr. Salomon has been to investigate all the facts before starting prosecution. Having got all the facts, the case is then taken to the Commercial Frauds Division of the Magistrate's Court. There have been days when as many as fifteen to twenty cases have been tried in a day; but so far not one defendant prosecuted has escaped. One of the great advantages under the new system is that the Assistant District Attorney handles the case right through to the finish. He takes it before the Grand Jury, and then, when there is an indictment, tries the case in court. Thus there is no loss of time such as is encountered in turning over the case to another assistant who has to learn all the facts anew. There is a saving of time, and a saving of expense to the taxpayers, and efficiency in prosecution is effected.

### MATERIALLY CHECKS "BANKRUPTCY RING"

Incidentally the new court is helping materially to check the so-called "bankruptcy ring."

In connection with these cases, however, Assistant District Attorney Salomon wants to utter a word of warning. He says that it would be a mistake for merchants to imagine that the court is to be used as a medium for collecting debts. The court has no intention to let such abuses creep in.

A recent instance was given by James L. Medler, president of the New York Credit Men's Association, of a new way for fraudulent tradesmen to obtain credit, so desperate are these gentry becoming in view of the campaign now under way to prosecute frauds to the limit. The way the story is told is this: One of the houses in the association received an application for a \$3,000,000 credit from an out-of-town man. His financial statement on its face entitled him to the credit. So did the reports which his credit references gave about him. The man was a new customer, however, and the credit manager, his concern's representative in the association, visited the applicant's home city. He called on a man, a stranger to him, introducing himself by his membership card in the New York Credit Men's Association.

The card proved an open sesame.

"The applicant has changed his name twice; there are several outstanding judgments against him," the informant said.

None of these facts, of course, had been revealed before. The taking of a membership in a credit association had saved taking a very dangerous risk.

The most notable case that has come before the new court and one which is still pending, all other cases having been virtually cleaned up, is the one in which J. W. Elliott is involved, charged with issuing false statements in the prospectuses he issued whereby women were induced to subscribe to the stock of Business Builders Inc., and subsequently lost their money. This one case has created such wide attention, the circumstances being so glaring, that the daily newspapers have given considerable space to it. Ordinarily the Federal Court District Attorney might have taken the case up, but on account of the charges involved it has been brought before Magistrate Simpson's court.

Commercial organizations, and credit associations, representing various industries, especially those connected with the garment trade, are saying that the new court has helped to save millions of dollars to trade by means of speedy prosecution, and that the court has aided in keeping up the morale of business, and in restoring confidence among tradesmen who rely upon the honesty of financial statements made to them to secure goods.

### TREGOE ENTHUSIASTIC

The National Association of Credit Men, through Secretary-Treasurer J. H. Tregoe, was the first to recognize the splendid work performed by the establishment of the new court, as is shown by a letter sent to New York County District Attorney Joab H. Banton, as early as September 21, 1922, in which Mr. Tregoe said:

"I am granted this morning the earliest opportunity of conveying to you the sincere appreciation of this office for the Commercial Frauds Court, which you were instrumental in having established.

"Commercial fraud will be very much restricted if the offenders are brought to quick trial and receive the proper punishment.

"We have been greatly alarmed in the past twelve months by the increase of commercial fraud. We are battling with it through our Prosecution Department. We have at all times a number of investigators in the field for the purpose of assembling evidence. It would surprise the country to know what the annual waste is through this particular kind of fraud.

"Prosecutors generally do not understand the technicalities of this type of fraud, they seem loath to undertake it, though as a matter of fact it is far more serious for a community when the debtor defrauds his creditors with impunity than when some open banditry has occurred.

"This court is a step in the right direction. If other districts will catch the same vision and if the prosecution of commercial fraud is persevered in energetically, this type of crime will decrease and the best interests of the Nation will have received a beneficent service."

There is one thing that the District Attorney's office frowns upon in connection with the prosecution of commercial frauds, and that is the making of compromises, once the prosecution has been started. In a recent address, Chief Assistant District Attorney Ferdinand Pecora strongly condemned merchants who lend themselves to these compromises.

"Publicity is the most effective weapon for stopping dishonesty, and

making business sound," said Mr. Pecora. "The best place to wield the weapon is in the criminal courts of this country. Highway robbers' assault may injure only a few persons; the bankrupt merchant who conceals his assets, or men who obtain credit by fraudulent financial statements may impair the business of thousands of persons."

Credit men will be disposed to echo Mr. Pecora's statement. They can best help to make the new court a permanent success by co-operating with the District Attorney's office. "No compromise" should be the word where commercial fraud is concerned.

## Positions Wanted

**CREDIT AND COLLECTION MANAGER**—Desires to locate with a Western concern. Six years with one firm, three as credit and collection manager. Young, married and steady worker. Address Advertisement 796.

**CREDIT MANAGER OR ASSISTANT**—Age 26. Four years' experience in credits, collections and accountancy. Have had wide practice in handling intricate credit and collection problems. University training. Salary \$2,500 to start. Address Advertisement 797.

**CREDIT AND OFFICE MANAGER**—Now filling position of secretary of large wholesale jobbing corporation, desires to change position. Good reason for desiring change. Twenty years' experience. Age 36. Prefer location outside New York City. Address Advertisement 798.

**EXPERIENCED CREDIT MAN AND OFFICE MANAGER**—Wished to connect with concern in California or northwest desiring services of competent man. At present employed but can leave on short notice. Best of references. Salary \$3,000. Address Advertisement 799.

**OFFICE AND CREDIT MANAGER**—Thoroughly experienced in bookkeeping, credits, collections and records. Moderate salary to begin. Address Advertisement 800.

**CREDIT MANAGER**—Middle aged, over 15 years' experience in retail dry goods credits, as executive and officer in corporation. Accustomed to large responsibilities. Desires connection with wholesale or commission house, or in some other field of industry where a "Selling Credit Man's" services are essential. Excellent references. Address Advertisement 801.

**EXECUTIVE OR ASSISTANT**—Is desirous of connecting with reliable, progressive concern in that capacity. Thorough and competent and equipped with broad experience in all phases of accounting, credit details and cashier duties. During past 12 years have served in capacities of traveling auditor, public accountant, assistant auditor, cashier and credit manager. Age 33. Prefer locating in middle West or Pacific Coast. Address Advertisement 802.

**CREDIT AND COLLECTION MANAGER OR ASSISTANT**—Fourteen years' business experience, five years' practical experience in credits, collections, adjustments and general office routine. Familiar with cigar, tobacco, confectionery and drug trade. Age 32. Salary moderate. Address Advertisement 803.

**CREDIT AND COLLECTION MANAGER OR ASSISTANT**—With wholesale or manufacturing establishment. Have had 15 years' experience in short and long term credits in knitted and woven fabrics, sold to department, dry goods and general stores, and installment furniture trade throughout the United States; general accounting and management. Results tactfully secured. Philadelphia or vicinity, southeastern or southern cities preferred. Address Advertisement 804.

**CREDIT AND COLLECTION MANAGER**—Highly specialized and successful, now employed, with sterling credentials from nationally known industries, wants a connection with a broader field for activity and effort in Greater New York or vicinity. Address Advertisement 805.

**OFFICE AND CREDIT MANAGER**—By man thoroughly capable and experienced. Age 28, single. Best of references. Address R. E. P. Box 588, Mobile, Alabama.

**CREDIT MANAGER**—Desires executive position. Eight years' experience in handling wholesale accounts. Permanent position with complete charge, but without the duties of auditor. Reasonable salary. Age 32. Address Advertisement 806.

**CREDIT AND OFFICE MANAGER**—Fifteen years' experience with large concern has made wonderful record. Also experienced in accounting, banking and finance. Can handle office staff and familiar with up-to-date business methods and systems. Address Advertisement 807.

**CREDIT MANAGER**—Age 40, married. Fourteen years' experience with one of the largest manufacturing companies in the country in general credit work, collections and working up evidence in law suits. Also four years' experience in advertising and extension work. References furnished. Address Advertisement 808.

## Addresses Wanted

AMBROSE, L. M. & C. H., recently of Berkeley Springs, W. Va., and formerly of Cumberland, Md.

BACK, L. J. formerly of Little Falls, Minn. Believed now to be somewhere on the west coast.

BALDINI, A. J., trading as Standard General Merchandise Company, 264 East Houston St., New York City.

BEDDALL, G. W., last known address 3003 Missouri Ave., Shreveport, La.

BERQUIST, C. W., formerly of St. Cloud, Minn., later employed by Loverin & Browne Company, 1708 State St., Chicago, Ill. Last heard from at Fergus Falls, Minn.

BLUESTEIN, J., previously in the fur business at 752 Myrtle Ave., Brooklyn, N. Y.

BRITT, JOSEPH T., formerly of Sterling, Ill. Last heard from at Galveston, Texas.

COLEMAN'S SERVICE BUREAU, 50 N. Garfield Ave., Columbus, Ohio.

COWLEY, REX J., formerly engaged in automobile business in Minneapolis, Minn. Later lived in Lansing or East Lansing, Mich. Believed now to be conducting land excursions in the Middle West.

DANNENBAUER, F., last known address 5550 Haverford Ave., Philadelphia, Pa.

DENNY, H. B., 20 So. 20th Street, Philadelphia, Pa., formerly with the Surgical Supply Company.

DOUGLAS, DR. A. D., formerly of Minneapolis, Minn. Later of Hibbing, Minn.

DRAPER, DANIEL D., formerly resided at Lincoln, Neb. Later at 2902 Irving Ave. S., Minneapolis, Minn.

DYE, E., formerly of Mounds, Ill.

ELSON, GEORGE, formerly conducted a drug store at 506 Lenox Ave., New York City.

ENGLE, F. W., formerly operated as Broadway Confectionery at Greenriver, Utah. Later went to Clinton, Mo.

GOLDMAN, H., formerly conducted a drug store known as Modern Health Pharmacy, at Park Ave. and 95th St., New York City. Later was connected with Breslaw's Pharmacy at 681 Lenox Ave.

GRANT, B. C. & L. A., recently at Owosso, Mich.

HAUSSMAN, STEWART A., formerly proprietor of Neffs Garage, Neffs, Pa.

JACKSON, MARSHALL, formerly of Ashland, Neb. Later at Oremco, Ore. Reported to have moved to California.

JOHNSTOWN MOTOR COMPANY, formerly of Irons St., Johnstown, Pa.

KASS, J. H., formerly located at Nebraska Ave. and Twigg St., Tampa, Fla., in the grocery and fruit business.

KELLER, MRS. M. M., Nashua, Mo., formerly camp cook for the Land-Coates Construction Company.

KENT, MRS. FRANCES S., 106 West 52nd St., New York City.

KOPPEL, M. H., formerly operated as A. Koppel, New York Bargain Store, Americas, Ga.

KORIN, ALFRED, formerly of 10604 Jerome Ave., Richmond Hill, L. I.

KRASNIK, formerly of Haynesville, La.

LEONARD BROTHERS, formerly of Beaver Falls, Pa. Believed to be now in Columbus or Akron, Ohio.

LODAN, N., formerly of Argyle, Wis.

MANSON, M., formerly operating the Broken Bow Candy Kitchen, Broken Bow, Neb.

PEABODY, C. O., last known address Chico, Cal., formerly at Lyons, Neb. and Tacoma, Wash.

REITER, MRS. PAULINE, recently at 2147 Morris Ave., New York City.

RICE, D. E., formerly conducted a merchant tailoring and cleaning business at Edmonds, Wash. Believed now to be in California.

RUCH, MILES, formerly in the tire and accessory business at Springtown, Pa.

SHEP, WILLIAM, formerly located at Zanesville, Ohio. Later resided at 859 Erie Ave., Williamsport, Pa.

SIMONE, JOHN, recently conducted Dancehall Hall, 342 Northampton St., Easton, Pa.

SPEARIN, W. E., previously conducted Lowell Vulcanizing Company, Lowell, Ind.

STARK, CARL F., formerly in the drug business at Kankakee and Bloomington, Ill.

TREAT, EDWIN BRYANT, previously residing at Huntsville, Tenn. Later returned to Oak Bluffs, Mass., and now believed to be located in New York City.

WILLIAMS JEWELRY COMPANY, formerly of Amarillo, Texas, operated by Tom Williams, Mrs. Roberta Williams and Mrs. M. S. Smith.

WILSON, GEORGE, recently operated the Wilson Vulcanizing and Battery Shop, at Brooklyn, Mich. Reported now to be in Buffalo, N. Y.

# Directory of Officers Affiliated Branches National Association of Credit Men

Note: A. C. M. means Association of Credit Men.

ALABAMA, Birmingham—Birmingham A. C. M. Pres., T. M. Nesbitt, Moore & Handley Hdw. Co.; Sec., Jas. A. Garrett, McLester-Van Hoose Co.; Mgr., R. H. Eggleston, Chamber of Commerce Bldg.

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ALABAMA, Selma—Selma A. C. M. Pres., H. G. Pattillo, Pattillo & Russell; Sec., R. S. Carothers, Selma Hardware Co.

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CONNECTICUT—Connecticut Associations of Credit Men, Frank L. Odell, State Sec., P. O. Box 943, New Haven, Conn.

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## Not Young Men Alone Who Profit by Reading Books

By Josiah H. Penniman  
Provost, Univ. of Pennsylvania

I APPRECIATE, as all thinking persons must, the effort being made to impress upon business men the value of general reading. What is called hap-hazard reading frequently proves to be exceedingly valuable, either as a means of establishing business relationships with other men, or as a means of broadening one's own opinions. I think that a man should read with a definite purpose the most important books that appear from time to time on subjects closely related to or directly bearing upon his own primary business interests. He should also have recreation and mental rest by reading other books that have received general approval as being worth-while.

It is not necessarily the younger men who can profitably read books. Some men at thirty-five have minds that are still open to new ideas, although others, of course, have virtually become hardened. I know of no way to determine what the profit for any one man shall be except by trying. Nobody knows what he can do until he has tried; and even then it may be necessary for him to have tried a number of times before he reaches a conclusion concerning his own powers.

It would be a mistake for a man unaccustomed to study or reading to attempt to wade through many of the treatises on economics. I would suggest the taking up of some elementary work on the subject by a recognized authority. I think that the nearest college would be more likely to supply information than the nearest bookstore, because it would be likely to have on its faculty men who were teaching the general subject of Economics and who would know what the books are.

A college education is simply a means to an end, but it is not the only means to the same end. It is usually pleasanter and easier to learn a subject when it is being taught in a regular course by an expert, and when one's associates are interested in the subject and likely to create an atmosphere favorable to its study. *There is virtually no subject in a college course which cannot be mastered by the use of books, even though there be no teacher.*

I have known many highly cultivated and learned men, who never went to college; and I have known many college graduates who were



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Health, Golfers, Plate Glass.

*The Agent Who Seeks to Give Good Service  
Must Himself Be Well Served*



**COMPANIES**

neither cultivated nor learned, but who had actually earned degrees by attending courses of instruction and passing examinations. Taking mercy by the hundred, it would be natural to expect that a hundred men who had attended college would be better educated and more qualified than a hundred who had not attended college, but it is quite impossible to make a general assertion which would cover any individual case.

The business man should, I think, turn, if necessary, to men of education, who have had contact with the world and who are themselves readers of good books.

### Cheap

THE Bulletin of the Oklahoma Association of Credit Men prints this dialogue between a negro going down the road astride a mule and another on foot:

“Say, boy, yo sho got a fine mule there. How much yo pay for that mule?”

“Ah just gave that farmah down the line mah note for dis heah mule.”

“Say, boy, yo sho got a cheap mule.”

# The MAN who deals in TOMORROWS

Tomorrow is the day you count upon for the next step in your progress.

The past is the foundation of your business; the future holds the profits. Your plant, your property, your stock, your equipment, must all be protected for tomorrow.

The man who *deals* in the safety of your tomorrows is the reliable insurance agent or broker.

He will see that your efforts of the past are secured against

the eventualities of the future; that your stock is insured against damage, your shipments against loss, your property against fire, your employees against accident.

The Insurance Company of North America for more than a century and a quarter has made safe the tomorrows of American industry and commerce. It has protected millions of dollars worth of property. It has served the public with unfailing wisdom and honesty through every period of its progress.

## Insurance Company of North America

PHILADELPHIA

and the

Indemnity Insurance Company of North America  
*write practically every form of insurance except life*

BROKERAGE and SERVICE DEPT.,  
122 William St., New York

FIRE AND CASUALTY DEPT.,  
122 William St., New York

MARINE DEPT.,  
56 Beaver St., New York

"The Oldest American Fire and Marine Insurance Company"  
Founded 1792



## STRENGTH

Even regarded by itself, the quality of great financial strength in a fire insurance company is an asset not unappreciated by a policyholder, but—when he receives a policy of The Home of New York, he is obtaining not only the strength of “the strongest,” but combined with it, the service and reputation that have made the Home—America’s Largest and Strongest Fire Insurance Company.

Automobile (Complete Cover in Combination Policy), Earthquake, Explosion, Fire and Lightning, Flood, Hail, Marine (Inland and Ocean), Parcel Post, Profits and Commissions, Rain, Registered Mail, Rents, Rental Values, Riot and Civil Commotion, Sprinkler Leakage, Tourists’ Baggage, Use and Occupancy, Windstorm.

STRENGTH

SERVICE

REPUTATION

The HOME INSURANCE COMPANY NEW YORK

Elbridge G. Snow, *President*

Organized 1853

Cash Capital \$18,000,000







## The Supreme Value

of your insurance policy will never be more practical than at a time when inevitable circumstances place at your disposal the test of real Norwich Union Service.

*Prompt and satisfactory settlement is all important.*

## NORWICH UNION

**FIRE INSURANCE SOCIETY, Ltd.**

Hart Darlington, Manager      J. F. Van Riper, Branch Secretary  
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and

## NORWICH UNION

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Fire, Tornado, Automobile, Sprinkler Leakage, Explosion, Rent, Use and Occupancy, Tourist Baggage, Riot and Civil Commotion, Liability, Burglary, Workmen's Compensation, Accident and Health, Golfers, Plate Glass.

*The Agent Who Seeks to Give Service  
Must Himself be Well Served*

# COMPANIES

## Foam from the Three C's

The Bankruptcy Ring should really be termed a Wring.

cCc

In winter the sun in Greenland rises at eleven and sets at noon. This must be the home country of some of these merchants who claim to be as honest as the day is long.

cCc

Lives there a man with soul so dead, who never to himself hath said, "I ought to be getting five thousand more a year."

cCc

But lives there a man with brains so dead, who ever to the boss has said—the same thing?

cCc

You can catch more flies with molasses than you can with vinegar—but what good are flies?

cCc

The Trade Acceptance sometimes becomes a Tirade Acceptance. Ask the man who owns one.

cCc

With the soaring price of sugar it will soon be a hard job to keep sweet.

cCc

Since old King Tut was brought to light, the spread of the Egyptian craze has been truly remarkable. Many of our business institutions are even trying to pyramid profits.

### THE TEST SUPREME

I had always admired him as a man of rare judgment and quick decision. His cool, sure way of handling big deals filled me with awe. He was never ruffled but remained calm and collected under the heaviest pressure of business. He was my ideal of the clear-headed American business man.

I invited him to lunch and felt flattered when he left the ordering to me. I ordered carefully: soup, roast, and for dessert French pastry. During the meal my admiration for him was further increased by his broad grasp of the international situation. I felt that were he at the helm, the world's troubles would be over in short order. The deprecating way in which he spoke of making quick decisions in matters involving millions, inspired me more forcibly with a feeling of awe.

And then the waiter pushed a tray of French pastry in front of him. The look of forcefulness which had overspread his face during our conversation faded into one of bewilderment; his eyes wandered furtively from a chocolate éclair to a mocha tart. His whole expression was one of indecision.

One, two and three minutes passed. Great beads of perspiration stood out on his forehead; ye gods! he couldn't make up his mind. Fully five minutes had elapsed before, driven by confused embarrassment, he pointed an uncertain finger at a culinary atrocity with pink whipped cream surmounted by an anaemic cherry, the very one I was sure he didn't want. . . .

Wanted—a new or slightly used ideal. Must be able to select éclairs with éclat. [B. B. T.]

Contents of May, 1923, Issue of

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A National Magazine of Business Fundamentals

Published at 41 Park Row, New York, by the  
National Association of Credit Men

William Walker Orr, *Editor*

Rodman Gilder, *Managing Editor*

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## "A Stitch in Time—"

*"If these changes are made you will save \$1725 on your yearly insurance premium."*

**T**HE trained eye of the first class Fire Prevention Engineer often detects weak spots in plans and specifications architecturally perfect. Because of this fact, men interested in the construction of large buildings and plants, where protection of life and property are of prime importance, include an Insurance Engineer in their building conferences.

Such service (which is free) re-

cently demonstrated its value when one of our Engineers was able to advise corrections in plans and specifications for the building of a large manufacturing plant and warehouse. His suggestions materially assisted the architects in laying out the construction so that the fire hazards were greatly reduced and the lowest possible insurance rate obtained. Savings approximating \$6,000 were effected.

Before beginning construction it will pay you to write us for the details. Corrections easily made on paper are often impossible in steel and concrete.

**AMERICAN EAGLE**  
**The CONTINENTAL**

**FARMERS of IOWA**  
**FIDELITY-PHENIX**

**FIRE INSURANCE COMPANIES**  
*Eighty Maiden Lane, New York, N.Y.*



# THE CREDIT MONTHLY

FOUNDED 1898



· EDITOR ·

WILLIAM WALKER ORR

## Atlanta

HISTORY records many cases of cities destroyed only to lift themselves from the very ruins and thus excite the imagination and admiration of men. Such cities proclaim the power of man to suffer and endure.

We need not go to the older and longer settled continents to find cities which have kept high their purposes and ideals through disaster. We have examples here, and Atlanta furnishes an eloquent testimony to the unshaken and unshakable faith of men who have made America great in every part.

Physically, Atlanta is new. Sixty years ago it seemed necessary for the quick settlement of questions that had brought on a great war between the states, that the invading army should destroy all that part of Atlanta that gave the city its life and sustenance.

Then came the test which determined whether Atlanta had reason for being or was destined to surrender the leadership of the southeast to another city whose name seemed nearly as well established in that section. The answer came promptly with the return of peace. Situated on the elevated ridge that divides the waters of Atlanta from those that flow into the Gulf, Atlanta soon regained her commercial influence and the steady and uninterrupted development of the southland in its best aspects, both commercially and spiritually, have been epitomized in her.

Atlanta, therefore, is a fitting place for a convention of the National Association of Credit Men, and for credit men the call to Atlanta in June should be loud and commanding.

## The Credit Men's Need of Coming Together

THE meaning of no word is more easily grasped than that of the word "convention." It means a coming together and the reason for coming together is obvious. It is that there may be a meeting of minds in reaching a common understanding, a meeting of hearts that there may be a sympathetic appreciation of all the factors that should enter into the reaching of a conclusion in which the whole body is interested.

Credit men need this coming together of hearts and minds for the better handling of their complicated problems. There is no power superimposed over credit operations that is going to guide

the lighter-than-air craft which we are navigating. Every individual member of the crew must have a full sense of the responsibility attached to his post and must know his part. To meet his responsibility he needs that coming together that the Atlanta convention affords.

There should not be a house in the country which would hesitate to give its credit man the time and funds essential for the convention. The credit man who goes and comes back without a new ideal, or names of new and valuable friends and acquaintances, or fresh vigor and new goals is the kind of a man whose department will always be a liability, or, at best, a nonentity on the balance sheet of his house.

Until American business men are riper in experience they will not know that the credit department can have as much to do with conducting a profitable business as any other one or two departments of the house, and may have a good deal more to do with bringing down an unprofitable year than any three departments.

When they learn this, they will know that they want in the credit department an intelligence, alertness, grasp, aggressiveness and control such as they demand for other departments. They are going to insist that their credit men convene with other credit men as a part of their yearly program and every now and then they are going to accompany them to the most important business convention of the year.

The world is in increasing need of those products in the raising and fabrication of which nature has given the south undeniable advantages which it is more and more realizing upon. That can mean nothing else than that Atlanta and the southeast is to expand and as a market for all kinds of products and goods is to become increasingly interesting. Credit men should, therefore, know this field. They should be alive to its possibilities, and the Atlanta convention will give the opportunity for a birds-eye view and also a close range that cannot be equalled in any other way.

## Methods in the Credit Department

GOOD credit work rests not only on the observance of sound principles but the adoption of the best methods for the work that is to be done. It is fair to say that with few exceptions credit men have stressed method of operation but little. They have obtained results by taking it out of themselves day by day, reducing their efficiency because they do not so organize their departments as to make possible a sharing of responsibility. They had not discovered how to control their department unless they do all the work themselves.

For that reason the credit department has been much less of a factor in business building than it should be and credit men have failed to reach a position of leadership despite the fact that business has been in sore need of that breadth of vision, poise and ability to balance one element against another which the credit man's training should give him.

Now the CREDIT MONTHLY is going to give special attention to the mechanism of the office. The credit man has not been enough of a mechanic. He has

not appreciated the fact that much of the work he has been doing by hand could be done far more easily, skillfully and with less danger of error, by machinery and mechanical helps. The foreman of the factory has not become less important by reason of the development of machinery. Instead, he has become the educated engineer whose time is devoted to getting those quick results for which the Board of Directors is on the watch.

So it will be with the credit man, released from details by the adoption of the best methods, yet controlling those more effectively than ever.

There are many readers of the CREDIT MONTHLY who can contribute ideas and suggestions to the editors in their efforts to get credit departments all over the land to function as the best of them now function and get results that will spell as clearly to the Board of Directors profits for the house as will the work of the engineer in his department.

## Watch the Price!

THE word "prosperity" has such an alluring sound that we think we cannot have too much of it. Yet, we find ourselves today resisting it, repressing it and leaders among us counseling moderation lest we witness again that sight, which should never surprise us, yet always comes like a new phenomenon, of being hurried straight toward catastrophe by reason of excessive prosperity.

Prices are always moving upward or downward, and taken in the large they go up or down together, general conditions tending to exercise the same influence upon all, or nearly all classes of goods.

When prices are low the market is widened. More people can buy. Other things being equal foreign demand upon the cheap market also enters, which joined with increased domestic demand, quickens business and particularly the export business. On the other side of the picture we find the country where low prices prevail unable or disinclined to buy, and this fact has its effect on purchases in foreign parts and hence imports decline.

The lower prices which have finally given a stimulus to buying both from foreign and domestic sources, gradually respond to quickened demand and the rise begins and becomes more and more general until prices become so high that the number who can afford to buy lessens, yet the purchasing ability of the people who had been receiving high prices has increased and they have begun to buy goods from all over the world and to pile up debts to foreigners.

Excessive prosperity brings distress to those who, taking the fullest advantage of the rising tide of prosperity, find themselves long on high priced commitments when the reverse process takes place. Hence, excessive prosperity can be said to hurry the people straight toward catastrophe.

Moderation then is the only hope in this upward or downward movement. If the movement is allowed to take its course and reach excesses, catastrophe cannot be stayed.

Watch the price, remembering that with every percentage of increase, the likely number of buyers will diminish and foreign sellers will be given a less difficult problem in competing with home production.

# Move your goods

Transportation is already heavily burdened by the revival of business.

Motor trucks are relieving the situation.

Railroads must be kept as free as possible to carry carload lots and long-haul freight.

Short-haul shipments congest terminals and freight cars. This class of freight can be handled quicker and more economically by motor trucks.

Motor trucks should be used to prevent interference with the efficient operation of our rail and water transportation.

Motor trucks have proven their ability to keep many business enterprises in continuous and efficient operation.

If you need more trucks, buy them now. If your equipment needs overhauling, do it now.

The sturdy

## Autocar

Wherever there's a road

### Chassis prices

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2 to 3 ton . . \$3100 and \$3200

4 to 6 ton . . \$4200 and \$4350

1½ to 2 ton

New . . . \$2200 and \$2300

Rebuilt . . . \$1800 to \$1900

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short wheelbase handiness  
mechanical superiority  
direct factory branch service

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Branches in 44 cities